

TOOELE CITY CORPORATION

**Financial Statements
and
Independent Auditors' Report
with Supplemental Information**

June 30, 2006

TOOELE CITY CORPORATION

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**Haynie &
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
Tooele City Corporation:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Tooele City Corporation (City)**, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and major special revenue fund thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2007 on our consideration of Tooele City Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2-9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tooele City Corporation's basic financial statements. The accompanying schedule of expenditures of federal awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Haynie & Co

Salt Lake City, Utah
May 15, 2007

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Management's Discussion and Analysis

This discussion of Tooele City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2006. This report is in conjunction with the City's financial statements.

Financial Highlights

- ♦ The assets of Tooele City exceeded its liabilities as of the close of the most recent year by \$162,538,899 (*net assets*). Of this amount, \$28,471,515 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ♦ The government's total net assets increased by \$6,881,964. The general fund revenues were less than the adopted budgeted amounts, and the expenditures were less than the adopted budgeted amounts.
- ♦ At the close of the current year, the Tooele City governmental funds reported combined ending fund balances of \$28,601,336, an increase of \$9,260,270 in comparison with the prior year. Approximately 9 percent of this total amount, \$2,473,024, is available for spending at the government's discretion (*unreserved fund balance*).
- ♦ At the end of the current year, unreserved fund balance for the general fund was \$2,473,024, or 18 percent of total general fund expenditures.
- ♦ Tooele City's total debt increased by \$7,537,445 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Tooele City's basic financial statements. Tooele City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Tooele City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Tooele City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Tooele City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Refer to the table of contents for the location of the government-wide financial statements.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Tooele City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Tooele City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Tooele City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the depot redevelopment agency, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Tooele City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary funds

Tooele City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Tooele City uses enterprise funds to account for its Water Utility, Sewer Utility, Solid Waste Utility, and Storm Water Utility.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Tooele City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Tooele City.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tooele City, assets exceeded liabilities by \$162,538,899 at the close of the most recent fiscal year.

By far, the largest portion of Tooele City's net assets (65 percent) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, infrastructure, water stock, and utility plants and equipment), less any related debt used to acquire those assets that is still outstanding. Tooele City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Tooele City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Tooele City's Net Assets

	Governmental Activities		Business-Type Activities	
	2006	2005	2006	2005
Current and other assets	\$ 30,083,700	\$ 20,692,316	\$ 12,586,703	\$ 8,905,949
Capital assets	110,094,930	107,566,840	54,243,767	55,561,570
Total assets	140,178,630	128,259,156	66,830,470	64,467,519
Long-term liabilities outstanding	22,918,577	15,023,921	16,523,287	17,311,903
Other liabilities	3,404,986	2,847,792	1,623,351	1,886,124
Total liabilities	26,323,563	17,871,713	18,146,638	19,198,027
Net Assets:				
Invested in capital assets, net of related debt	85,258,731	91,038,753	20,926,577	20,500,833
Restricted	26,002,433	18,160,743	1,753,764	1,753,764
Unrestricted - designated	125,879	(236,521)	-	-
Unrestricted - undesignated	2,473,024	1,424,468	25,998,491	23,014,895
Total net assets	\$ 113,860,067	\$ 110,387,443	\$ 48,678,832	\$ 45,269,492

A portion of Tooele City's net assets (17 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$28,471,515, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Tooele City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

Governmental activities

Governmental activities increased Tooele City's net assets by \$3,472,624. Key elements of this increase are as follows:

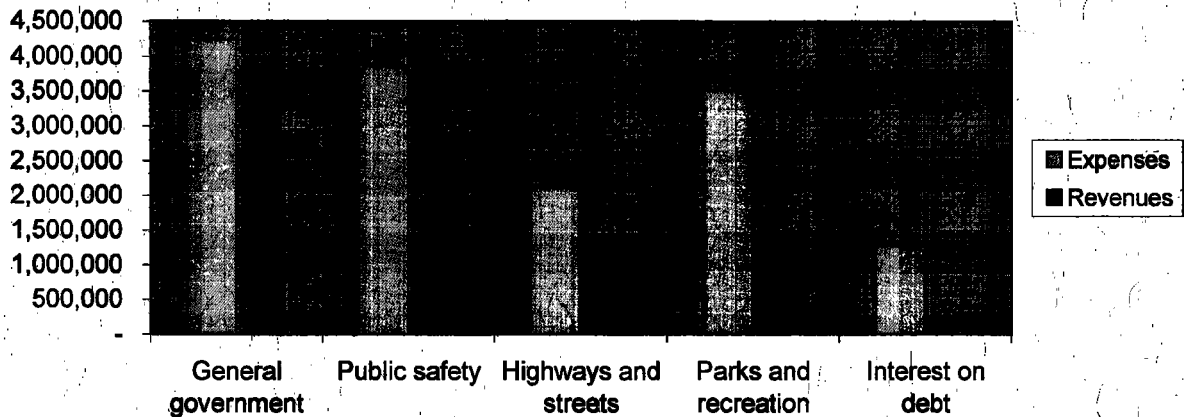
Tooele City's Changes in Net Assets

	Governmental Activities		Business-Type Activities	
	2006	2005	2006	2005
Revenues:				
Program revenues:				
Charges for services	\$ 2,496,146	\$ 2,300,407	\$ 7,956,254	\$ 7,112,873
Operating grants and contributions	585,910	470,170	-	821,000
Capital grants and contributions	2,084,837	1,751,542	1,678,273	1,150,392
General revenues:				
Property taxes	9,839,756	8,753,862	-	-
Earnings on investments	1,439,952	966,370	349,830	85,363
Gain on sale of capital assets	472,466	33,160	-	25,000
Miscellaneous	1,407,174	1,360,949	57,143	64,007
Total revenues	\$ 18,326,241	\$ 15,636,460	\$ 10,041,500	\$ 9,258,635

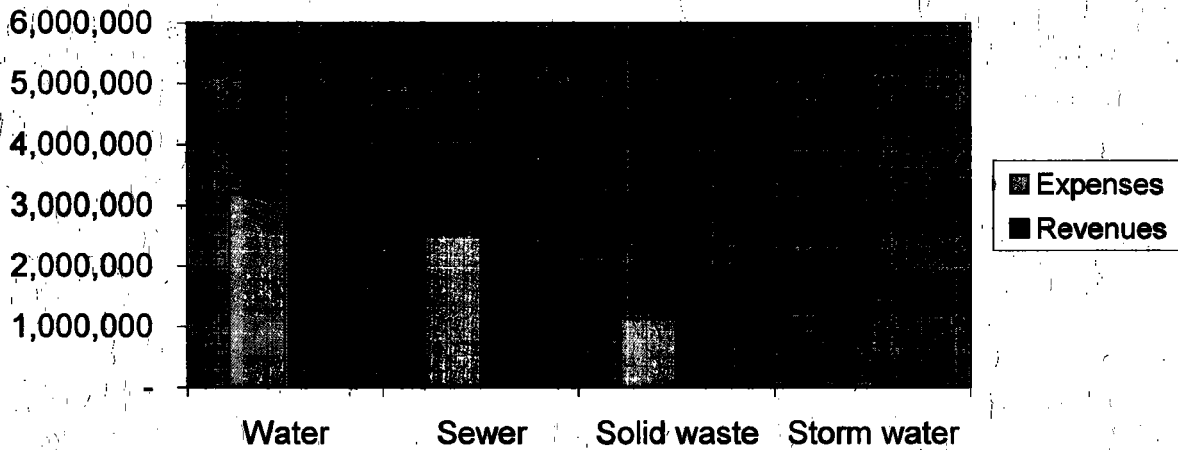
Expenses:

General government	\$ 4,230,919	\$ 4,048,505	\$ -	\$ -
Public safety	3,869,335	3,589,758	-	-
Highways and streets	2,118,830	2,040,012	-	-
Parks and recreation	3,518,244	2,267,002	-	-
Capital outlay	0	1	-	-
Interest on debt	1,278,618	1,013,514	-	-
Water	-	-	3,177,108	2,974,769
Sewer	-	-	2,525,932	2,530,337
Solid waste	-	-	1,130,176	1,135,637
Storm water	-	-	121,036	147,653
Total expenses	15,015,947	12,958,792	6,954,252	6,788,396
Transfers	162,330	160,597	(103,650)	(103,650)
Contributed net assets	-	-	425,742	-
Increase (decrease) in net assets	3,472,624	2,838,265	3,409,340	2,366,589
Net assets - beginning	110,387,443	107,549,178	45,269,492	42,902,903
Net assets - ending	<u>\$113,860,067</u>	<u>\$110,387,443</u>	<u>\$ 48,678,832</u>	<u>\$ 45,269,492</u>

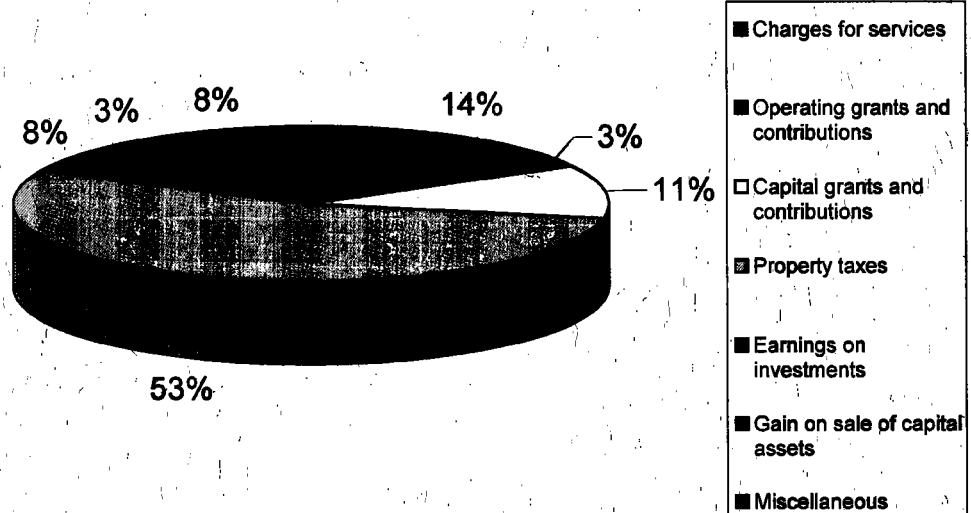
Expenses and Program Revenues - Governmental Activities



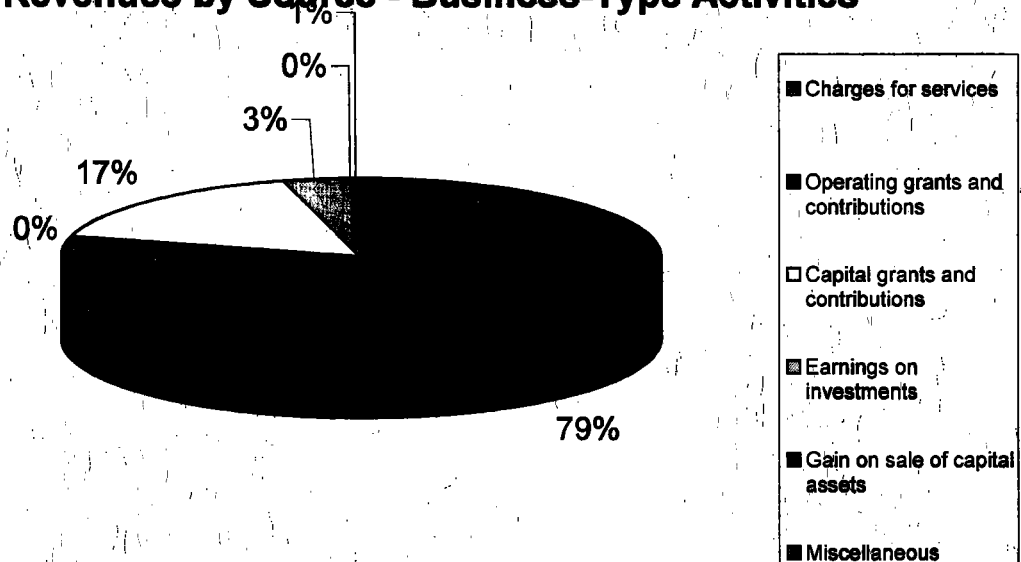
Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Governmental Activities



Revenues by Source - Business-Type Activities



- ◆ Charges for services increased by \$1,039,120 due mainly to utility sales.
- ◆ Operating grants decreased by \$705,260.
- ◆ Capital grants increased by \$861,176 due mainly to an increase in water line grant funding and road funding.
- ◆ Property taxes increased by \$1,085,894 due to an increase in assessing and collecting of property taxes.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services, other than there were fewer road projects this year.

Financial Analysis of the Government's Funds

As noted earlier, Tooele City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Tooele City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing Tooele City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Tooele City's governmental funds reported combined ending fund balances of \$28,601,336, an increase of \$9,260,270 in comparison with the prior year. Approximately 9 percent of this amount, \$2,473,024, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to depot RDA, \$14,458,736, 2) to debt service, \$9,441,714, 3) to other capital project purposes, \$2,101,983, and 4) to unrestricted - designated, \$125,879.

The general fund is the chief operating fund of Tooele City. At the end of the current year, unreserved fund balance of the general fund was \$2,473,024, while total fund balance reached \$11,914,738. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18 percent of total general fund expenditures, while total fund balance represents 85 percent of that same amount.

General Fund Budgetary Highlights

The main differences between the original budget and the final amended budget can be briefly summarized as follows:

- ◆ \$434,771 increase in taxes revenue, \$255,096 increase in intergovernmental revenues, and a \$10,000 decrease in miscellaneous revenues, for a total increase of \$679,867.
- ◆ \$204,240 increase in general government expenditures, \$109,401 increase in public safety, \$13,001 increase in highways and streets, \$237,963 increase in parks and recreation, and a \$13,000 decrease in capital outlay, for a total increase of \$551,605.

During the year, actual revenues were more than budgeted revenues by \$1,396,898, and actual expenditures were less than budgeted expenditures by \$490,823, resulting in a positive net budget variance in the change in fund balance of \$9,427,436, after budget differences for interfund transfers in(out) of \$162,330 and (\$548,970), respectively, and \$16,141 in proceeds on sale of assets and proceeds of issuance of long-term debt of \$7,460,000.

Capital Asset and Debt Administration

Capital assets

Tooele City's investment in capital assets for its governmental activities, as of June 30, 2006, amounts to \$85,258,731 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, and infrastructure (roads, rights-of-way, curb and gutter, sidewalks, underpasses, storm drains, and street lights). The total decrease in Tooele City's investment in capital assets for the current year was \$5,354,278.

Major capital asset events during the current year included the following:

- ◆ Land additions of \$244,536, and deletions of \$374,511.
- ◆ Building additions of \$69,890.
- ◆ Improvements other than buildings additions of \$1,722,557.
- ◆ Machinery and equipment additions of \$79,385.
- ◆ Automobile and truck purchases of \$334,077, and deletions of \$158,369.
- ◆ Office furniture and equipment additions of \$78,786.
- ◆ Infrastructure additions of \$1,481,482.
- ◆ Utility plants and equipment purchases of \$521,234, and deletions of \$1,789.

Tooele City's Capital Assets
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2006	2005	2006	2005
Land	\$ 2,649,810	\$ 2,779,785	\$ -	\$ -
Buildings	13,107,338	13,442,842	-	-
Improvements other than buildings	6,187,665	4,683,639	-	-
Machinery and equipment	646,596	747,014	-	-
Automobiles and trucks	1,787,658	1,698,815	-	-
Office furniture and equipment	121,783	102,147	-	-
Infrastructure	85,594,080	84,112,598	-	-
Water stock	-	-	93,184	93,184
Utility plants and equipment	-	-	54,150,583	55,468,386
Total	<u>\$ 110,094,930</u>	<u>\$ 107,566,840</u>	<u>\$ 54,243,767</u>	<u>\$ 55,561,570</u>

Additional information on Tooele City's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, Tooele City had total debt outstanding of \$41,525,052. The debt represents general obligation bonds, revenue bonds, notes payable, and leases payable.

Tooele City's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2006	2005	2006	2005
General obligation bonds payable	\$ -	\$ -	\$ -	\$ -
Revenue bonds payable	23,834,000	15,440,000	17,308,287	18,065,903
Notes payable	-	-	-	-
Leases payable	382,765	481,704	-	-
Total	<u>\$ 24,216,765</u>	<u>\$ 15,921,704</u>	<u>\$ 17,308,287</u>	<u>\$ 18,065,903</u>

State statutes limit the amount of debt a City may issue to 4 percent of its total fair market value of taxable property in its jurisdiction. The City may incur a larger indebtedness for the purpose of supplying the City with water, sewer, or electricity when such public works are owned and controlled by the City. The current debt limitation for Tooele City is \$32,735,091.

Additional information on Tooele City's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

All of the above factors were considered in preparing the City's budget for the 2006-07 year.

Requests for Information

This financial report is designed to provide a general overview of Tooele City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Tooele City Finance Director, 90 North Main Street, P.O. Box 89, Tooele, Utah, 84074-0089.

TOOELE CITY
Statement of Net Assets
June 30, 2006

Assets:	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 2,846,181	\$ 8,163,782	\$ 11,009,963
Investments	-	-	-
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Accounts	11,386	1,180,174	1,191,560
Assessments	68,383	-	68,383
Taxes	1,085,301	-	1,085,301
Loans receivable	32,948	-	32,948
Interest receivable	284,346	-	284,346
Intergovernmental receivable	446,924	-	446,924
Other	33,559	-	33,559
Prepaid expenses	1,685	304,073	305,758
Shop inventory	-	-	-
Restricted assets:			
Cash and cash equivalents	14,292,255	2,938,674	17,230,929
Investments	10,980,732	-	10,980,732
Capital assets, net of depreciation:			
Land	2,649,810	-	2,649,810
Buildings	13,107,338	-	13,107,338
Improvements other than buildings	6,187,665	-	6,187,665
Machinery and equipment	646,596	-	646,596
Automobiles and trucks	1,787,658	-	1,787,658
Office furniture and equipment	121,783	-	121,783
Infrastructure	85,594,080	-	85,594,080
Water stock	-	93,184	93,184
Utility plants and equipment	-	54,150,583	54,150,583
Total assets	140,178,630	66,830,470	207,009,100
Liabilities:			
Accounts payable	1,186,546	173,786	1,360,332
Accrued liabilities	300,818	232,069	532,887
Accrued interest payable	229,152	-	229,152
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
Accrued liability for vested compensated absences	390,282	46,798	437,080
Customer deposits	-	176,172	176,172
Retentions payable	-	209,526	209,526
Long-term debt and capital lease obligations:			
Due within one year	1,298,188	785,000	2,083,188
Due in more than one year	22,918,577	16,523,287	39,441,864
Total liabilities	26,323,563	18,146,638	44,470,201
Net assets:			
Invested in capital assets, net of related debt	85,258,731	20,926,577	106,185,308
Restricted for:			
Debt service	9,441,714	-	9,441,714
Depot RDA	14,458,736	-	14,458,736
Other capital project purposes	2,101,983	-	2,101,983
Public facilities development	-	1,753,764	1,753,764
Unrestricted - designated	125,879	-	125,879
Unrestricted - undesignated	2,473,024	25,998,491	28,471,515
Total net assets	\$ 113,860,067	\$ 48,678,832	\$ 162,538,899

TOOELE CITY

Statement of Activities
For the Year Ended June 30, 2006

Functions	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets Governmental Activities	Net (Expense) Revenues and Changes in Net Assets Business-Type Activities	Total
		Charges for Services	Operating Grants/Contributions			
Governmental activities:						
General government	\$ 4,230,919	\$ 2,017,452	\$ 72,516	\$ (2,140,951)	\$ (2,140,951)	
Public safety	3,869,335	-	67,160	(3,692,760)	(3,692,760)	
Highways and streets	2,118,830	-	-	(706,189)	(706,189)	
Parks and recreation	3,518,244	478,694	448,234	(2,030,535)	(2,030,535)	
Interest on debt	1,278,618	-	-	(1,278,618)	(1,278,618)	
Total governmental activities	\$ 15,015,947	\$ 2,496,146	\$ 585,910	\$ (9,849,054)	\$ (9,849,054)	
Business-type activities:						
Water	\$ 3,177,108	\$ 3,711,656	\$ -	-	1,651,498	1,651,498
Sewer	2,525,932	2,598,920	-	-	634,311	634,311
Solid Waste	1,130,176	1,248,552	-	-	119,376	119,376
Storm Water	121,036	396,126	-	-	275,090	275,090
Total business-type activities	\$ 6,954,252	\$ 7,956,254	\$ -	\$ -	\$ 2,680,275	\$ 2,680,275

General revenues:	8,672,981	-	8,672,981
Property taxes levied for:	329,062	-	329,062
General purposes	58,548	-	58,548
Par tax	181,200	-	181,200
Industrial park RDA	597,965	-	597,965
Downtown RDA	1,439,952	349,830	1,789,782
Depot RDA	472,466	-	472,466
Earnings on investments	1,407,174	57,143	1,464,317
Gain on sale of capital assets	162,330	(103,650)	58,680
Miscellaneous	13,321,678	303,323	13,625,001
Transfers in (out)	-	425,742	425,742
Total general revenues and transfers	3,472,624	3,409,340	6,881,964
Contributed net assets	110,387,443	45,269,492	155,656,935
Net assets - beginning	\$ 113,860,067	\$ 48,678,832	\$ 162,538,899

See accompanying notes to financial statements.

TOOELE CITY
Balance Sheet - Governmental Funds
June 30, 2006

	<u>General</u>	<u>Depot Redevelop. Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,846,181	\$ -	\$ -	\$ 2,846,181
Investments	-	-	-	-
Receivables:				
Accounts	11,386	-	-	11,386
Assessments	-	-	68,383	68,383
Taxes	1,085,301	-	-	1,085,301
Loans receivable	-	-	32,948	32,948
Interest receivable	-	284,346	-	284,346
Intergovernmental receivable	375,389	-	71,535	446,924
Other	33,559	-	-	33,559
Prepaid expenses	1,685	-	-	1,685
Due from other funds	805,000	-	-	805,000
Shop inventory	-	-	-	-
Restricted assets:				
Cash and cash equivalents	7,550,748	3,816,301	2,925,206	14,292,255
Investments	-	10,860,075	120,657	10,980,732
Total assets	\$ 12,709,249	\$ 14,960,722	\$ 3,218,729	\$ 30,888,700
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 550,291	\$ 501,986	\$ 134,269	\$ 1,186,546
Accrued liabilities	244,220	-	56,598	300,818
Due to other funds	-	-	800,000	800,000
Deferred revenue	-	-	-	-
Total liabilities	794,511	501,986	990,867	2,287,364
Fund equity:				
Fund balance:				
Reserved	9,441,714	14,458,736	2,101,983	26,002,433
Unreserved--designated	-	-	125,879	125,879
Unreserved--undesignated	2,473,024	-	-	2,473,024
Total fund equity	11,914,738	14,458,736	2,227,862	28,601,336
Total liabilities and fund equity	\$ 12,709,249	\$ 14,960,722	\$ 3,218,729	\$ 30,888,700

TOOELE CITY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

Total Fund Balances - Governmental Funds	\$ 28,601,336
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	110,094,930
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(24,836,199)</u>
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Total Net Assets - Government Activities	<u>\$ 113,860,067</u>
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TOOELE CITY
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2006

	Major Funds			
	General	Redevelop. Agency - Depot	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 8,672,981	\$ 597,965	\$ 568,810	\$ 9,839,756
Licenses and permits	492,219	-	-	492,219
Intergovernmental revenues	1,996,301	-	61,432	2,057,733
Charges for services	2,496,146	-	-	2,496,146
Fines and forfeitures	99,288	-	-	99,288
Interest income	366,696	977,702	95,554	1,439,952
Grants	-	-	2,250	2,250
Special assessments	-	-	-	-
Impact fees	-	-	610,764	610,764
Miscellaneous revenues	90,290	-	-	90,290
Rental income	725,377	-	-	725,377
Total revenues	14,939,298	1,575,667	1,338,810	17,853,775
EXPENDITURES:				
General government	3,055,507	809,850	95,921	3,961,278
Public safety	3,622,738	-	-	3,622,738
Highways and streets	1,983,794	-	-	1,983,794
Parks and recreation	2,825,491	-	-	2,825,491
Capital outlay	740,159	1,095,396	2,050,314	3,885,869
Grant expenditures	-	-	-	-
Principal payment on long-term debt	733,514	-	62,486	796,000
Interest on debt	882,951	-	166,515	1,049,466
Bond issuance costs	223,227	-	70,438	293,665
Total expenditures	14,067,381	1,905,246	2,445,674	18,418,301
Excess of revenues over (under) expenditures	871,917	(329,579)	(1,106,864)	(564,526)
Other financing sources (uses):				
Operating transfers in	162,330	-	598,970	761,300
Operating transfers (out)	(548,970)	-	(50,000)	(598,970)
Proceeds on sale of assets	16,141	-	456,325	472,466
Proceeds of issuance of long-term debt	7,460,000	-	1,730,000	9,190,000
Total other financing sources (uses)	7,089,501	-	2,735,295	9,824,796
Net change in fund balance	7,961,418	(329,579)	1,628,431	9,260,270
Fund balance, beginning of year	3,953,320	14,788,315	599,431	19,341,066
Fund balance, end of year	\$ 11,914,738	\$ 14,458,736	\$ 2,227,862	\$ 28,601,336

TOOELE CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 9,260,270
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

2,528,090

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(8,086,584)

Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.

(229,152)

Change in Net Assets of Governmental Activities	<u>\$ 3,472,624</u>
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TOOELE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 7,629,759	\$ 8,064,530	\$ 8,672,981	\$ 608,451
Licenses and permits	413,500	413,500	492,219	78,719
Intergovernmental revenues	1,675,105	1,930,201	1,996,301	66,100
Charges for services	2,214,250	2,214,250	2,496,146	281,896
Fines and forfeitures	145,500	145,500	99,288	(46,212)
Interest income	31,250	31,250	366,696	335,446
Grants	-	-	-	-
Impact Fees	-	-	-	-
Miscellaneous revenues	25,000	15,000	90,290	75,290
Rental income	728,169	728,169	725,377	(2,792)
Total revenues	12,862,533	13,542,400	14,939,298	1,396,898
Expenditures:				
General government	2,963,511	3,167,751	3,055,507	112,244
Public safety	3,676,451	3,785,852	3,622,738	163,114
Highways and streets	2,468,399	2,481,400	1,983,794	497,606
Parks and recreation	2,676,937	2,914,900	2,825,491	89,409
Capital outlay	837,841	824,841	740,159	84,682
Grant expenditures	-	-	-	-
Principal payment on long-term debt	733,514	733,514	733,514	-
Interest on debt	648,346	648,346	882,951	(234,605)
Bond issuance costs	1,600	1,600	223,227	(221,627)
Total expenditures	14,006,599	14,558,204	14,067,381	490,823
Excess of revenues over (under) expenditures	(1,144,066)	(1,015,804)	871,917	1,887,721
Other financing sources (uses):				
Operating transfers in	212,680	212,680	162,330	(50,350)
Operating transfers (out)	(658,219)	(686,319)	(548,970)	137,349
Proceeds on sale of assets	707,015	23,425	16,141	(7,284)
Proceeds of issuance of long-term debt	-	-	7,460,000	7,460,000
Total other financing sources (uses)	261,476	(450,214)	7,089,501	7,539,715
Net change in fund balance	(882,590)	(1,466,018)	7,961,418	9,427,436
Fund balance, beginning of year	3,953,320	3,953,320	3,953,320	-
Fund balance, end of year	\$ 3,070,730	\$ 2,487,302	\$ 11,914,738	\$ 9,427,436

TOOELE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Depot Redevelopment Agency For the Year Ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 900,000	\$ 900,000	\$ 597,965	\$ (302,035)
Interest income	835,000	835,000	977,702	142,702
Grants	-	-	-	-
Miscellaneous revenues	-	-	-	-
Lease income	-	-	-	-
Total revenues	1,735,000	1,735,000	1,575,667	(159,333)
Expenditures:				
General government	1,156,302	1,066,302	809,850	256,452
Highways and streets	-	-	-	-
Other improvements	2,330,000	2,330,000	1,095,396	1,234,604
Grant expenditures	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,486,302	3,396,302	1,905,246	1,491,056
Excess of revenues over (under) expenditures	(1,751,302)	(1,661,302)	(329,579)	1,331,723
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Proceeds on sale of assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(1,751,302)	(1,661,302)	(329,579)	1,331,723
Fund balance, beginning of year	14,788,315	14,788,315	14,788,315	-
Fund balance, end of year	\$ 13,037,013	\$ 13,127,013	\$ 14,458,736	\$ 1,331,723

TOOELE CITY CORPORATION

Statement of Net Assets - Proprietary Funds
June 30, 2006

	Water Fund	Sewer Fund	Non-Major Enterprise Funds	Totals June 30, 2006
Assets:				
Cash and cash equivalents	\$ 7,030,782	\$ 1,226	\$ 1,131,774	\$ 8,163,782
Receivables:				
Accounts -- net of allowance for uncollectibles	566,983	402,060	211,131	1,180,174
Interest	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Prepays	163,301	140,772	-	304,073
Due from other funds	-	-	-	-
Cash and cash equivalents -- restricted	961,210	1,977,464	-	2,938,674
Water stock	93,184	-	-	93,184
Utility plants and equipment -- net of depreciation	27,012,479	27,138,104	-	54,150,583
Total assets	35,827,939	29,659,626	1,342,905	66,830,470
Liabilities:				
Accounts payable	86,386	35,948	51,452	173,786
Accrued liabilities	101,932	130,137	-	232,069
Liability for compensated absences	25,435	21,363	-	46,798
Customer deposits	176,172	-	-	176,172
Retentions payable	-	209,526	-	209,526
Due to other funds	-	5,000	-	5,000
General obligation bonds payable	-	-	-	-
Revenue bonds payable	7,954,513	9,353,774	-	17,308,287
Total liabilities	8,344,438	9,755,748	51,452	18,151,638
Net Assets:				
Invested in capital assets, net of related debt	8,124,950	12,801,627	-	20,926,577
Unrestricted	16,314,007	8,393,031	1,291,453	25,998,491
Restricted	3,044,544	(1,290,780)	-	1,753,764
Total net assets	\$ 27,483,501	\$ 19,903,878	\$ 1,291,453	\$ 48,678,832

TOOELE CITY CORPORATION

Statement of Revenues, Expenses, and Changes in
Fund Net Assets - Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Water Fund	Sewer Fund	Non-Major Enterprise Funds	Totals June 30, 2006
Operating revenues:				
Utility sales	\$ 3,596,238	\$ 2,597,220	\$ 1,845,678	\$ 7,839,136
Connection fees	115,418	1,700	-	117,118
Intergovernmental revenues	-	-	-	-
Miscellaneous	43,282	9,044	1,200	53,526
Total operating revenues	3,754,938	2,607,964	1,846,878	8,009,780
Operating expenditures:				
Personal services	408,451	361,557	63	770,071
Contracted services	429,066	225,000	1,069,035	1,723,101
Operations and maintenance	890,841	501,375	146,729	1,538,945
Utilities	17,654	171,599	-	189,253
Administration	21,238	16,986	35,385	73,609
Depreciation	1,006,118	832,204	-	1,838,322
Total operating expenses	2,773,368	2,108,721	1,251,212	6,133,301
Operating income (loss)	981,570	499,243	395,666	1,876,479
Non-operating revenues (expenses):				
Interest income	252,779	59,399	37,652	349,830
Interest expense	(395,454)	(408,203)	-	(803,657)
Amortization of bond issuance costs / discount	(8,286)	(9,008)	-	(17,294)
Amortization of bond premium	229	3,388	-	3,617
Sale of fixed assets	-	-	-	-
Impact fees	1,116,950	561,323	-	1,678,273
Transfers (out)	(201,825)	98,175	-	(103,650)
Total non-operating revenues (expenses)	764,393	305,074	37,652	1,107,119
Change in net assets	1,745,963	804,317	433,318	2,983,598
Net assets -- beginning of year	17,612,588	6,297,934	858,135	24,768,657
Net assets -- end of year	\$ 19,358,551	\$ 7,102,251	\$ 1,291,453	\$ 27,752,255

TOOELE CITY CORPORATION

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Water Fund	Sewer Fund	Non-Major Enterprise Funds	Totals June 30, 2006
Cash flows provided (used) by operating activities:				
Receipts from customers and users	\$ 3,382,162	\$ 2,546,471	\$ 1,622,771	\$ 7,531,404
Receipts from other governments	821,000	-	-	821,000
Receipts of miscellaneous income	43,282	9,044	1,200	53,526
Receipts from other funds	800,000	-	-	800,000
Payments to other funds	-	(795,000)	-	(795,000)
Payments to employees	(408,451)	(361,557)	(63)	(770,071)
Payments to contractors	(429,066)	(217,478)	(1,069,035)	(1,715,579)
Payments for operations and maintenance	(890,841)	(501,375)	(146,729)	(1,538,945)
Payments for utilities	(17,854)	(171,599)	-	(189,253)
Payments for administration	(88,240)	(40,079)	(235,503)	(363,822)
Net cash provided (used) by operating activities	3,192,192	486,427	172,841	3,833,260
Cash flows provided (used) by noncapital financing activities:				
Operating transfers out to other funds	(201,825)	98,175	-	(103,650)
Net cash provided (used) by noncapital financing activities	(201,825)	98,175	-	(103,650)
Cash flows provided (used) by capital and related financing activities:				
Purchase of capital assets	(292,555)	(226,680)	-	(521,235)
Proceeds from sale of capital assets	716	-	-	716
Proceeds from sale of water rights	425,742	-	-	425,742
Proceeds from water resource grant contribution	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-
Payment of bond principal	(215,229)	(542,387)	-	(757,616)
Interest paid	(403,511)	(413,823)	-	(817,334)
Impact fees	1,116,950	561,323	-	1,678,273
Net cash provided (used) by capital and related financing activities	632,113	(623,567)	-	8,546
Cash flows provided (used) by investing activities:				
Interest earned	252,779	59,399	37,852	349,830
Net cash provided (used) by investing activities	252,779	59,399	37,852	349,830
Net increase (decrease) in cash and cash equivalents	3,875,259	2,434	210,293	4,087,986
Cash and cash equivalents - beginning of year	4,116,733	1,976,256	921,481	7,014,470
Cash and cash equivalents - end of year	\$ 7,991,992	\$ 1,978,690	\$ 1,131,774	\$11,102,456
Cash flows provided (used) by operating activities:				
Operating income (loss)	\$ 981,570	\$ 499,243	\$ 365,866	\$ 1,876,479
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,006,118	832,204	-	1,838,322
Changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(355,706)	(52,449)	(22,907)	(431,062)
Interest receivable	-	-	-	-
Intergovernmental receivable	821,000	-	-	821,000
Prepaid expenses	8,286	9,007	-	17,293
Water stock	-	-	-	-
Due from other funds	800,000	-	-	800,000
Increase (decrease) in liabilities:				
Accounts payable	(72,065)	(28,463)	(200,116)	(300,666)
Accrued liabilities	(1,165)	(4,859)	-	(6,124)
Liability for compensated absences	(2,038)	1,322	-	(716)
Customer deposits	6,212	-	-	6,212
Retentions payable	-	7,522	-	7,522
Due to other funds	-	(795,000)	-	(795,000)
Net cash provided (used) by operating activities	\$ 3,192,192	\$ 486,427	\$ 172,841	\$ 3,833,260
Represented on the balance sheet as:				
Cash - unrestricted	\$ 7,030,782	\$ 1,226	\$ 1,131,774	\$ 8,163,782
Cash - restricted	981,210	1,977,464	-	2,958,674
	\$ 7,991,992	\$ 1,978,690	\$ 1,131,774	\$11,102,456
Supplemental disclosures:				
Contributed capital from developers	\$ -	\$ -	\$ -	\$ -
Contributed capital from federal grants	-	-	-	-
Total contributed capital	\$ -	\$ -	\$ -	\$ -

TOOELE CITY
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2006

	<u>Pension Trust</u>	<u>Private- Purpose Trust</u>	<u>Agency Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 412,748	\$ -	\$ 1,531,588
Investments	-	-	34,876
Due from other funds	-	-	-
Total assets	<u>412,748</u>	<u>-</u>	<u>1,566,464</u>
<u>LIABILITIES</u>			
Accounts payable	920	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>920</u>	<u>-</u>	<u>-</u>
<u>NET ASSETS</u>			
Held in trust for fire dept. and other	<u>\$ 411,828</u>	<u>\$ -</u>	<u>\$ 1,566,464</u>

TOOELE CITY
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds
For the Year Ended June 30, 2006

	<u>Pension Trust</u>	<u>Private- Purpose Trust</u>
Additions:		
Earnings on investments	\$ 17,034	\$ -
Transfers from general fund	21,900	-
Other	-	-
Total additions	<u>38,934</u>	<u>-</u>
Deductions:		
Benefits	9,200	-
Other	1,000	-
Total deductions	<u>10,200</u>	<u>-</u>
Change in net assets	28,734	-
Net assets, beginning of year	<u>383,094</u>	<u>-</u>
Net assets, end of year	<u>\$ 411,828</u>	<u>\$ -</u>

TOOELE CITY CORPORATION

Notes to Financial Statements

1. REPORTING ENTITY AND ITS GOVERNMENT ACTIVITY

Tooele City Corporation is a municipal corporation governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the government. Tooele City Corporation is not a component unit of any other entity; the City has no discretely presented component units. Each blended component unit has a June 30 year end.

Blended Component Units

The Downtown Redevelopment Agency was created by the City during fiscal year 1984. The Agency uses tax increment financing to support redevelopment projects within the downtown business district. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The Industrial Park Redevelopment Agency was created by the City during fiscal year 1987. The Agency uses tax increment financing to support redevelopment projects within the City. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The Depot Redevelopment Agency was created by the City during fiscal year 1997. The agency uses tax increment financing to support redevelopment projects in the properties granted to the City by the Department of Defense. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The Municipal Building Authority of Tooele City was created by the City during fiscal year 1995. The Authority uses the proceeds of its tax exempt bonds to finance the construction or acquisition of general capital assets for the City only. The bonds are secured by the lease agreement between the Municipal Building Authority, Utah State University, and Tooele City, and will be retired through lease payments. The Municipal Building Authority's fund structure is comprised of a general fund. The Authority is governed by the Mayor and City Council. Because the Authority's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The Tooele City Firefighters Retirement Annuity Plan (the Plan) was created by the City during fiscal year 2000. The Plan is a Pension Trust Fund, administered by the City Council under the terms of the Plan document. Funding is completely the responsibility of the City. Because the Plan's administrative body is the same as the City's governing body, financial data is included in the reporting entity using the blended method.

The Tooele City Water Special Service District (the District) was created by the City during fiscal year 2000. The District was created for the purpose of acquiring and owning water and water rights on behalf of and to provide water service to the inhabitants of the City. Because the District's administrative body is the same as the City's governing body, financial data is included in the reporting entity using the blended method.

TOOELE CITY CORPORATION

Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the City is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City officials who are responsible for their integrity and objectivity. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments and have been consistently applied in the preparation of the financial statements.

Government-Wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net assets and the statement of activities) display information about the primary government (the City). These statements include the financial activities of the overall government, except the fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include 1) fees and charges paid by recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following funds:

(1) Governmental Fund Type

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

- a. *General Fund* -- The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is made up of the general fund, the municipal building authority, and the class 'C' roads.
- b. *Capital Projects Funds* -- The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The capital projects funds are the park improvements, capital projects, west loop capital projects, U.I.D. waterline projects, golf course capital projects, public safety capital projects, and the swimming pool capital projects funds.
- c. *Special Revenue Funds* -- The special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds are the guaranty fund, par tax fund, the industrial park RDA, the downtown RDA, and the depot RDA.
- d. *Debt Service Fund* -- The debt service fund is used to accumulate resources for the payment of interest and principal on long-term general obligation debt, other than those payable from enterprise funds.

(2) Proprietary Fund Type

Enterprise funds are used to account for the City's business-type activities, which are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers related to the City's business activities, where net income and capital maintenance are measured, are accounted for through enterprise funds. Included in enterprise fund types for the City are the water utility fund, the sewer utility fund, the garbage utility fund, and the storm water fund. These funds are financed primarily through user charges.

(3) Fiduciary Fund Type

Fiduciary funds are those in which the City holds assets on behalf of others. The Firefighters Retirement Annuity Plan is a pension trust fund, and the swimming pool is a private-purpose trust fund. Therefore, they are both fiduciary funds.

TOOELE CITY CORPORATION
Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide, proprietary fund, and fiduciary fund financial statements* are reported using the economic resources measurement focus. The government-wide statements are reported using the the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the City receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing

In accordance with Government Accounting Standards Board (GASB) Statement No. 20, the City applies all financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, except those that conflict with or contradict GASB pronouncements. Those FASB statements and interpretations issued subsequent to November 30, 1989, are not applied.

Budgetary Procedures and Budgetary Accounting

Budgetary procedures for the City have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires a legal adoption of an annual budget for all funds. Furthermore, in accordance with state law, all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related funds financial statements. Amendments to budgets, both general and proprietary, were made through legal budget amendment procedures.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the water utility fund, the sewer utility fund, and the waste utility fund consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash

Restricted Cash

Certain resources set aside for bond repayment are classified as restricted cash on the balance sheet because their use is limited by applicable bond covenants. Other cash accounts are restricted by local ordinance and limitations on their usage.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions occur that result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "due from or to other funds" on the balance sheet.

TOOELE CITY CORPORATION
Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings, improvements, machinery, automobiles, and furniture and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	10-15
Machinery and equipment	7
Automobiles and trucks	5-7
Office furniture and equipment	3-5

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

Fund Equity

Proprietary funds that have received capital grants or contributions from developers, customers, other governments, or other funds have classified this contributed capital as invested in capital assets, net of related debt. Reserves represent those portions of fund equity not appropriable for expenditure or amounts legally segregated for a specific future use.

FICA Taxes

Tooele City Corporation is not exempt from withholding and paying FICA taxes.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated unpaid vacation pay of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay, which does not vest, is recorded as an expense in all funds when leave is taken.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the government to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Taxes and Other Significant Revenues

Property tax is assessed, levied, and collected by the county governments in the state of Utah. The City Council is authorized by state statute (10-6-133) to levy up to a certified tax rate of .002698 of the taxable value against all real and personal property located within its boundaries. Property taxes become a lien on January 1 and are levied on the first Monday of August. Taxes are due and payable on November 1 and delinquent after November 30 of each year.

TOOELE CITY CORPORATION
Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes and Other Significant Revenues (Continued)

Under state statute, the County Treasurer, acting as a tax collector, must settle and disburse all current tax collections to all taxing units by the end of March following the taxing year. Delinquent taxes are collected throughout the year and disbursed to the taxing units on a quarterly basis.

Property tax revenues are recognized when they become available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year.

Sales taxes are collected by the State Tax Commission and remitted to the City monthly. Franchise fees are collected and remitted to the City by the telephone company quarterly, by electric and natural gas companies monthly, and by the cable television company semiannually.

Comparative Data

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

3. CASH AND CASH EQUIVALENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Tooele City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the City's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. At June 30, 2006, \$3,020,707 of the City's bank balances was uninsured and uncollateralized. The market value is equivalent to the below stated carrying amount.

Cash and cash equivalents per books at June 30, 2006, consist of the following:

Unrestricted:	
General Fund	\$ 2,846,181
Special Revenue Fund	-
Capital Projects Funds	-
Enterprise Funds	8,163,782
Total unrestricted	<u>11,009,963</u>
Restricted:	
General Fund	7,550,748
Special Revenue Fund	4,526,850
Capital Projects Fund	2,154,348
Debt Service Fund	60,309
Enterprise Funds	2,938,674
Pension Trust Fund	412,748
Agency Fund	1,531,588
Total restricted	<u>19,175,265</u>
Total cash and cash equivalents	<u>\$ 30,185,228</u>

The City's cash per the bank is \$30,422,814. The difference is principally outstanding checks and deposits in transit.

TOOELE CITY CORPORATION
Notes to Financial Statements (continued)

3. CASH AND CASH EQUIVALENTS (Continued)

The City's cash and cash equivalents per bank at June 30, 2006, are as follows:

<u>Description of Account</u>	<u>Type of Account</u>	<u>Bank Balance Market Value</u>	<u>Insurance or Surety Bond</u>
Local bank	Checking	\$ 40,499	FDIC
	Money Market Sweep	3,080,208	
	Construction Escrow	704,845	
	Debt Service Reserve	10,461,760	
Public Treasurer's Investment Fund	Investment Pool	16,135,502	N/A
Petty Cash		1,640	N/A
		<u>\$ 30,424,454</u>	

4. INVESTMENTS

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the U.S. Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the City at June 30, 2006 comply with the provisions of the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2006, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
McDonald CD	\$ 10,059,800	\$ -	\$ 10,059,800	\$ -	\$ -
Metro National Title Escrow	800,275	800,275	-	-	-
Barnes Bank CD	120,657	120,657	-	-	-
Liddiard Escrow CD	34,876	34,876	-	-	-
State of Utah Public Treasurer's Investment Fund	-	-	-	-	-
Total investments	<u>\$ 11,015,608</u>	<u>\$ 955,808</u>	<u>\$ 10,059,800</u>	<u>\$ -</u>	<u>\$ -</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (continued)

4. INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

As of June 30, 2006, the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
McDonald CD	\$ 10,059,800	\$ 10,059,800	\$ -	\$ -	\$ -
Metrop National Title Escrow	800,275	800,275	-	-	-
Barnes Bank CD	120,657	120,657	-	-	-
Liddiard Escrow CD	34,876	34,876	-	-	-
State of Utah Public Treasurer's Investment Fund	-	-	-	-	-
Total investments	\$ 11,015,608	\$ 11,015,608	\$ -	\$ -	\$ -

Water Fund investments consist of water stocks, and are stated at cost, due to the fact that they are not held primarily for purposes of income or profit. At June 30, 2006, the costs of these stocks were as follows:

	Shares Owned	Cost
Middle Canyon Water Company	361.5	\$ 15,034
Settlement Canyon Water Company	707.0	78,150
		\$ 93,184

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

5. RESTRICTED ASSETS

Cash and cash equivalents in the amount of \$19,209,221 and investments of \$10,980,732 are restricted for special projects.

6. ACCOUNTS RECEIVABLE—ENTERPRISE FUNDS

The accounts receivable and the allowances for uncollectible accounts for the Enterprise Funds are as follows:

	Balance	Allowance for Uncollectibles	Net
Water Fund	\$ 583,223	\$ (16,240)	\$ 566,983
Sewer Fund	406,801	(4,741)	402,060
Waste Fund	162,658	(1,487)	161,171
Storm Water Fund	50,087	(127)	49,960
Total	\$ 1,202,769	\$ (22,595)	\$ 1,180,174

7. NOTES RECEIVABLE

Tooele City lent money to various businesses located within the RDA area to assist them in renovating certain real property for the economic development of the area in which the City is carrying out a commercial rehabilitation program utilizing tax increment funds. These loans bear interest at three percent and are repayable in monthly installments over various periods of time. The City is able to secure the loans by placing liens or trust deeds on the property in the development area. The balance due on the loans at June 30, 2006 is \$32,948.

8. CAPITAL ASSETS

Changes in capital assets are comprised of the following:

	June 30, 2005	Additions	Deletions	June 30, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,779,785	\$ 244,536	\$ (374,511)	\$ 2,649,810
Infrastructure	84,112,598	1,481,482	-	85,594,080
Total capital assets, not being depreciated	86,892,383	1,726,018	(374,511)	88,243,890
Capital assets, being depreciated:				
Buildings	17,009,134	69,890	-	17,079,024
Improvements other than buildings	7,018,671	1,722,557	-	8,741,228
Machinery and equipment	1,658,251	79,385	-	1,737,636
Automobiles and trucks	3,392,278	334,077	(158,369)	3,567,986
Office furniture and equipment	686,646	78,786	-	765,432
Total capital assets, being depreciated	29,764,980	2,284,695	(158,369)	31,891,306
Accumulated depreciation for:				
Buildings	3,566,292	405,394	-	3,971,686
Improvements other than buildings	2,335,032	218,531	-	2,553,563
Machinery and equipment	911,237	179,803	-	1,091,040
Automobiles and trucks	1,693,463	245,234	(158,369)	1,780,328
Office furniture and equipment	584,499	59,150	-	643,649
Total accumulated depreciation	9,090,523	1,108,112	(158,369)	10,040,266
Total capital assets, being depreciated, net	20,674,457	1,176,583	-	21,851,040
Governmental activities capital assets, net	\$ 107,566,840	\$ 2,902,601	\$ (374,511)	\$ 110,094,930

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

8. CAPITAL ASSETS (Continued)

Utility Plants and Equipment

Changes in utility plants and equipment are comprised of the following:

	June 30, 2005	Additions	Deletions	June 30, 2006
Business-type activities:				
Water utility plant in service:				
Land	\$ 677,860	\$ -	\$ -	\$ 677,860
Buildings	1,331,661	5,205	-	1,336,866
Improvements other than buildings	27,443,616	75,317	1,893,537	29,412,470
Machinery and equipment	2,020,343	73,198	-	2,093,541
Automobiles and trucks	330,961	1,395	(1,789)	330,567
Construction in progress	2,271,525	137,440	(1,893,537)	515,428
Water rights	3,447,030	-	-	3,447,030
Total water utility	37,522,996	292,555	(1,789)	37,813,762
Less accumulated depreciation	(9,796,238)	(1,006,118)	1,073	(10,801,283)
Net property, plant, and equipment	27,726,758	(713,563)	(716)	27,012,479
Sewer utility plant in service:				
Land	\$ 301,500	\$ -	\$ -	\$ 301,500
Buildings	2,723,589	925	-	2,724,514
Improvements other than buildings	28,183,613	151,864	1,913	28,337,390
Machinery and equipment	433,181	3,563	-	436,744
Automobiles and trucks	453,169	-	-	453,169
Construction in progress	2,663,228	72,327	(1,913)	2,733,642
Total sewer utility	34,758,280	228,679	-	34,986,959
Less accumulated depreciation	(7,016,551)	(832,205)	-	(7,848,856)
Net property, plant, and equipment	27,741,629	(603,526)	-	27,138,103
Total utility plants and equipment	\$ 55,468,387	\$ (1,317,089)	\$ (716)	\$ 54,150,582

For the year ended June 30, 2006, depreciation expense was charged to functions of the City as follows:

Governmental activities:

General government	\$ 269,641
Public safety	246,597
Highways and streets	135,036
Parks and recreation	192,329
Capital outlay	264,508
Total depreciation expense, governmental activities	\$ 1,108,112

Business-type activities:

Water	\$ 1,006,118
Sewer	832,205
Total depreciation expense, business-type activities	\$ 1,838,323

9. DEFEASANCE OF GENERAL OBLIGATION BONDS

In September 1992, Tooele City Corporation issued General Obligation Refunding Bonds Series 1992 in the amount of \$2,855,000. The net proceeds of \$2,743,900 were deposited with an escrow agent to provide for the redemption of the 1985 Series General Obligation Refunding Bonds. This redemption occurred on January 1, 1993.

As a result of the above transaction, these 1985 Series General Obligation Refunding Bonds are considered to be defeased and the liability for the bonds has been removed from the bonds payable on the balance sheets of the Water and Sewer Funds.

TOOELE CITY CORPORATION

Notes to Financial Statements (Continued)

10. DEFEASANCE OF LEASE PURCHASE REVENUE BONDS

In May 1996, the City's Municipal Building Authority issued Lease Refunding Revenue Bonds Series 1996 in the amount of \$1,323,000, the net proceeds of which, together with funds in a debt service reserve account from the 1995 Series Lease Purchase Revenue Bonds, were used to refund the 1995 Series Lease Purchase Revenue Bonds in the amount of \$1,276,000 as a legal defeasance.

As a result of the above transaction, these 1995 Lease Purchase Revenue Bonds are considered to be defeased and the liability has been removed from the bonds payable in the financial statements.

11. DEFEASANCE OF SEWER REVENUE BONDS

In March 2001, Tooele City Corporation issued Sewer Revenue Refunding Bonds Series 2001A in the amount of \$4,615,000, the net proceeds of which were deposited with an escrow agent to provide for the redemption of the 1997A Series Sewer Revenue Bonds.

As a result of the above transaction, these 1997A Series Sewer Revenue Bonds are considered to be defeased and the liability for the bonds has been removed from revenue bonds payable on the balance sheet of the Sewer Fund.

12. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2006 is as follows:

	Balance June 30, 2005	Additions	Reductions	Balance June 30, 2006	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 15,440,000	\$ 9,190,000	\$ (796,000)	\$ 23,834,000	\$ 1,188,000
Notes payable	-	-	-	-	-
Leases payable	481,704	-	(98,939)	382,765	110,188
Compensated absences	377,231	13,051	-	390,282	-
Total governmental long-term liabilities	\$ 16,298,935	\$ 9,203,051	\$ (894,939)	\$ 24,607,047	\$ 1,298,188
Business-type activities:					
General obligation bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds payable	18,065,903	-	(757,616)	17,308,287	785,000
Compensated absences	47,514	-	(716)	46,798	-
Total business-type long-term liabilities	\$ 18,113,417	\$ -	\$ (758,332)	\$ 17,355,085	\$ 785,000

Lease Purchase Revenue Bonds Payable

In May 1996, the City's Municipal Building Authority issued Lease Refunding Revenue Bonds Series 1996 in the amount of \$1,323,000 with original interest rates of 4.40% - 5.45%. The bonds mature August 15, 2015, with interest and principal payments due annually.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

12. LONG-TERM DEBT (Continued)

Lease Purchase Revenue Bonds Payable (Continued)

The following schedule summarizes the principal balance and the service requirements to maturity:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2007	\$ 60,000	\$ 32,062	\$ 92,062	4.40%
2008	63,000	29,716	92,716	4.40%
2009	67,000	27,252	94,252	4.40%
2010	70,000	24,633	94,633	4.40%
2011	74,000	21,896	95,896	4.40%
Thereafter	486,000	62,834	548,834	Various
	<u>\$ 820,000</u>	<u>\$ 198,393</u>	<u>\$ 1,018,393</u>	

In November 1999, the City's Municipal Building Authority issued Lease Revenue Bonds Series 1999 in the amount of \$8,000,000 with original interest rates of 4.25% - 5.875%. The bonds mature on December 1, 2024, with principal payments due annually on December 1, and interest payments due on June 1 and December 1 of each year.

The following schedule summarizes the principal balance and the service requirements to maturity:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2007	\$ 220,000	\$ 381,883	\$ 601,883	4.65%
2008	225,000	371,201	596,201	4.75%
2009	240,000	359,745	599,745	4.85%
2010	250,000	347,495	597,495	4.85%
2011	265,000	334,488	599,488	4.85%
Thereafter	5,690,000	2,622,815	8,312,815	Various
	<u>\$ 6,890,000</u>	<u>\$ 4,417,627</u>	<u>\$ 11,307,627</u>	

Revenue Bonds Payable

In October 1998, Tooele City Corporation issued Excise Tax Revenue Bonds Series 1998 in the amount of \$3,142,000 with an interest rate of 4.20%. The bonds mature on August 1, 2008 with principal and interest payments due quarterly.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2007	\$ 354,000	\$ 28,875	\$ 382,875	4.20%
2008	370,000	13,755	383,755	4.20%
2009	95,000	998	95,998	4.20%
2010	-	-	-	4.20%
2011	-	-	-	
	<u>\$ 819,000</u>	<u>\$ 43,628</u>	<u>\$ 862,628</u>	

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

12. LONG-TERM DEBT (Continued)

Revenue Bonds Payable (Continued)

In 2002, Tooele City issued Sales Tax Revenue Bonds Series 2002 in the amount of \$6,635,000 with original interest rates of 2.50% - 4.80%. The bonds mature on January 15, 2027, with principal payments due annually on January 15, (beginning in 2004), and interest payments due on January 15 and July 15 of each year.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2007	\$ 195,000	\$ 263,568	\$ 458,568	2.50%
2008	200,000	257,230	457,230	3.25%
2009	205,000	250,730	455,730	3.25%
2010	215,000	244,068	459,068	3.25%
2011	220,000	236,543	456,543	3.50%
Thereafter	5,080,000	2,224,624	7,304,624	Various
	<u>\$ 6,115,000</u>	<u>\$ 3,476,763</u>	<u>\$ 9,591,763</u>	

In December 1997, Tooele City issued Sewer Revenue Bonds Series 1997B in the amount of \$7,570,000. The bonds carry an interest rate of 3.50% and mature on February 1, 2019 with interest-only payments due on February 1 for the first two years, and both principal and interest payments due on February 1 for the remainder of the bond term.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 340,000	\$ 192,045	\$ 532,045
2008	352,000	180,145	532,145
2009	365,000	167,825	532,825
2010	378,000	155,050	533,050
2011	391,000	141,820	532,820
Thereafter	3,661,000	599,655	4,260,655
	<u>\$ 5,487,000</u>	<u>\$ 1,436,540</u>	<u>\$ 6,923,540</u>

In March 2001, Tooele City issued Water Revenue Bonds Series 2001A in the amount of \$8,765,000 with original interest rates of 3.35% - 5.00%. The bonds mature on October 1, 2026, with principal payments due annually on October 1, (beginning in 2002), and interest payments due on April 1 and October 1 of each year.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2007	\$ 225,000	\$ 387,359	\$ 612,359	3.650%
2008	235,000	378,300	613,300	3.750%
2009	245,000	368,578	613,578	3.875%
2010	255,000	357,180	612,180	4.000%
2011	265,000	345,108	610,108	4.000%
Thereafter	6,725,000	3,061,572	9,786,572	Various
	<u>\$ 7,950,000</u>	<u>\$ 4,898,097</u>	<u>\$ 12,848,097</u>	

In March 2001, Tooele City issued Sewer Revenue Refunding Bonds Series 2001A in the amount of \$4,615,000 with original interest rates of 3.20% - 5.25%. The bonds mature on October 1, 2018, with principal payments due annually on October 1, and interest payments due on April 1 and October 1 of each year.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

12. LONG-TERM DEBT (Continued)

Revenue Bonds Payable (Continued)

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2007	\$ 220,000	\$ 179,308	\$ 399,308	3.650%
2008	225,000	170,545	395,545	3.750%
2009	235,000	161,228	396,228	3.875%
2010	245,000	150,285	395,285	4.000%
2011	260,000	138,570	398,570	4.000%
Thereafter	2,615,000	567,073	3,182,073	Various
	<u>\$ 3,800,000</u>	<u>\$ 1,367,009</u>	<u>\$ 5,167,009</u>	

In September 2005, Tooele City issued Lease Revenue Refunding Bonds Series 2005 in the amount of \$7,460,000 with original interest rates of 3.50% - 4.50%. The bonds mature on December 1, 2024, with principal payments due annually on December 1, and interest payments due on June 1 and December 1 of each year.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2007	\$ 270,000	\$ 289,661	\$ 559,661	4.000%
2008	280,000	278,661	558,661	4.000%
2009	290,000	267,986	557,986	3.500%
2010	305,000	257,574	562,574	3.500%
2011	315,000	246,724	561,724	3.500%
Thereafter	6,000,000	1,831,860	7,831,860	Various
	<u>\$ 7,460,000</u>	<u>\$ 3,172,466</u>	<u>\$ 10,632,466</u>	

In October 2005, Tooele City issued Sales Tax Revenue Bonds Series 2005 in the amount of \$1,730,000 with original interest rates of 3.80%. The bonds mature on October 1, 2020, with principal payments due annually on October 1, and interest payments due on April 1 and October 1 of each year.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2007	\$ 89,000	\$ 64,049	\$ 153,049	3.800%
2008	91,000	60,629	151,629	3.800%
2009	94,000	57,114	151,114	3.800%
2010	98,000	53,466	151,466	3.800%
2011	102,000	49,666	151,666	3.800%
Thereafter	1,256,000	253,156	1,509,156	3.800%
	<u>\$ 1,730,000</u>	<u>\$ 538,080</u>	<u>\$ 2,268,080</u>	

Special Assessment Debt

The City is not obligated in any manner for special assessment debt.

Lease Commitments

The City has purchased certain fire trucks and other equipment under non-cancelable capital leases, expiring between 2007 and 2010. The outstanding lease commitments are included in the general long-term debt account group. The present value of future minimum lease payments under the lease agreements is as follows:

<u>Year ending June 30,</u>	
2007	\$ 127,274
2008	114,047
2009	92,623
2010	92,623
2011	-
Thereafter	-
Total minimum lease payments	426,567
Less: amounts representing interest	(43,802)
Present value of minimum capital lease payments	<u>\$ 382,765</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

13. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due from/to other funds:		
General Fund	Industrial Park RDA	\$ 800,000
General Fund	Sewer Fund	5,000
Total		<u>\$ 805,000</u>

During the year ended June 30, 2006, the general fund transferred \$151,977 to the debt service fund for debt-related expenses, the general fund transferred \$396,994 to the capital projects fund for project expenses, the park capital projects fund transferred \$50,000 to the debt service fund for swimming pool debt expenses, and the water fund transferred \$150,000 to the sewer fund for sewer expenses.

14. RETIREMENT PLAN

Plan Description. The City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, all of which are cost sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems).

Retirement Systems provide refunds, retirement benefits, annual cost of living allowances, and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the state legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office, and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1 (800) 365-8772.

Funding Policy. Contributory Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. Currently, Plan members contribute 6.0%. The City is required to contribute a percent of covered salary to the respective systems, 7.08% to the Contributory, 11.09% to the Noncontributory, and 19.34% to the Public Safety Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Tooele City's contributions to the Contributory System for the years ending June 30, 2006, 2005, and 2004 were \$20,208, \$19,497, and \$19,982, respectively. Salaries subject to contributory contributions were \$154,496, \$149,055, and \$172,108, for the same years. The Noncontributory System contributions for June 30, 2006, 2005, and 2004 were \$334,637, \$293,699, and \$240,060, respectively. Salaries subject to noncontributory contributions were \$3,017,481, \$2,648,319, and \$2,495,422, for the same years. The Public Safety System contributions for June 30, 2006, 2005, and 2004 were \$213,915, \$203,423, and \$161,297, respectively. Salaries subject to public safety contributions were \$1,106,072, \$1,066,161, and \$993,209, for the same years. The contributions were equal to the required contributions for each year.

15. DEFERRED COMPENSATION 457 PLAN

The City offers its employees a deferred compensation plan through the Utah State Retirement System created in accordance with Internal Revenue Code (IRC) Section 457.

Historically, the Plan has been properly accounted for by the City in the Deferred compensation Agency Fund. However, during fiscal year 1998, the City adopted the provisions of GASB No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective July 1, 1997. The 457 deferred compensation plan in which the City participates was amended such that all income and assets of the Plan are now held in trust for the exclusive benefit of the participants. This modification aligned the City with the new laws governing 457 deferred compensation plans. Accordingly, GASB No. 32 required that the assets associated with this Plan be removed from the general purpose financial statements, as they are no longer a legal asset of the city.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

16. EMPLOYEE BENEFIT PLANS

The City offers a non-contributory pension plan for volunteer firefighters. Originally, the Plan was funded by the City and administered by a third party. During 2000, the City assumed administration of the Plan as a non-qualified pension trust. The City continues to contribute \$25 per month per firefighter. Benefits are paid at retirement after age sixty-five, at \$50 per month for life. Pension contributions for the years ended June 30, 2006, 2005, and 2004, were \$21,900, \$21,650, and \$21,900, respectively.

The City provides a 401(k) plan for substantially all employees. The Plan is available to full-time employees who are aged 18 or older and have completed six months of continuous employment. Employees become fully vested in the Plan at the conclusion of four years of employment. Employees may voluntarily contribute to the Plan in an amount not to exceed limitations established by the Internal Revenue Service. The City may make contributions at the discretion of the City Council.

The City's contributions to the Tooele City Employees' 401(k) Plan for the years ending June 30, 2006, 2005, and 2004 were \$293,035, \$293,035, and \$242,231, respectively. Salaries subject to contributions were \$3,669,074, \$3,669,074, and \$3,505,346, for the same years.

17. RESERVED FUND BALANCES, UNRESERVED - DESIGNATED FUND BALANCE, AND RESERVED NET ASSETS

Reserves are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. At June 30, 2006, Tooele City's reserved fund balances are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals
Reserved for Parks Development	\$ -	\$ -	\$ 428,675	\$ -	\$ 428,675
Reserved for Capital Projects	-	-	381,070	-	381,070
Reserved for West Loop Road Projects	-	-	-	-	-
Reserved for U.I.D. Waterline Projects	-	-	-	-	-
Reserved for Golf Course Projects	-	-	348,559	-	348,559
Reserved for Public Safety Development	-	-	939,200	-	939,200
Reserved for Swimming Pool Projects	-	-	-	-	-
Reserved for Capital Improvements	-	14,458,736	-	-	14,458,736
Reserved for Debt Service	9,441,714	-	-	4,479	9,446,193
	<u>\$ 9,441,714</u>	<u>\$ 14,458,736</u>	<u>\$ 2,097,504</u>	<u>\$ 4,479</u>	<u>\$ 26,002,433</u>

Unreserved fund balances, which have designated purposes at June 30, 2006, are as follows:

	Special Revenue Fund
Designated for capital improvements	\$ 125,879

Reserved net assets in the Proprietary Funds are as follows:

	Water Fund	Sewer Fund	Totals
Reserved for capital facilities	\$ 3,044,544	\$ (1,290,780)	\$ 1,753,764

Reserved net assets in the fiduciary fund are \$1,978,292, which are reserved for the payment of retirement benefits and other.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

18. REDEVELOPMENT AGENCIES

In accordance with Utah Code Section 17b-4-1305, the City's Redevelopment Agencies are required to disclose the following information.

A. The collections of tax increment revenue for fiscal year 2006 are as follows:

<u>Project Area</u>	<u>Amount</u>
Depot	\$ 597,965
Industrial Park	58,548
Downtown	<u>181,200</u>
Total	<u>\$ 837,713</u>

B. There was no amount of tax increment paid to any taxing agencies during the year.

C. The Agencies had no outstanding debt during the year.

D. The Industrial Park RDA expended \$31,780 for acquisition of real property. There were no funds expended for installation of public utilities. The Agencies expended funds for site improvements and administration during the year. The Downtown RDA spent \$51,969 for other public improvements, and the Depot RDA expended \$167,277 for streets and site improvements.

19. DEFICIT FUND BALANCES

The Industrial Park Redevelopment Agency Special Revenue Fund had a deficit fund balance of \$689,560, as of June 30, 2006. The nature of a redevelopment agency is such that the fund balance will remain in a deficit position until incremental tax revenues, to be collected in subsequent years, counter the effect of initial expenditures. It is expected that incremental tax revenues over a seven year period subsequent to June 30, 2006, will reimburse the deficit fund balance in the Redevelopment Agency.

20. PROPRIETARY FUNDS WORKING CAPITAL

	<u>Enterprise Funds</u>				
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Waste Fund</u>	<u>Storm Fund</u>	<u>Total</u>
Current assets:					
Cash and cash equivalents	\$ 7,030,782	\$ 1,226	\$ 719,916	\$ 411,858	\$ 8,163,782
Receivables:					
Accounts-net of allowance for uncollectibles	566,983	402,060	161,171	49,960	1,180,174
Interest	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Prepaid expenses	<u>163,301</u>	<u>140,772</u>	<u>-</u>	<u>-</u>	<u>304,073</u>
Total current assets	<u>7,761,066</u>	<u>544,058</u>	<u>881,087</u>	<u>461,818</u>	<u>9,648,029</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

20. PROPRIETARY FUNDS WORKING CAPITAL (Continued)

	Enterprise Funds				
	Water Fund	Sewer Fund	Waste Fund	Storm Fund	Total
Current liabilities:					
Accounts payable	\$ 86,386	\$ 35,948	\$ 51,452	\$ -	\$ 173,786
Accrued liabilities	101,932	130,137	-	-	232,069
Liability for compensated absences	25,435	21,363	-	-	46,798
Current portion of long-term debt	225,000	560,000	-	-	785,000
Total current liabilities	438,753	747,448	51,452	-	1,237,653
Net working capital	\$ 7,322,313	\$ (203,390)	\$ 829,635	\$ 461,818	\$ 8,410,376

21. SUBSEQUENT EVENTS

Subsequent to June 30, 2006, the City entered into an agreement with a company for construction of the WWTP filter backwash upgrade in the amount of \$49,584.

Subsequent to June 30, 2006, the City entered into an agreement for engineering services related to the expansion and upgrade of the existing wastewater treatment plant in the amount of \$362,300.

Subsequent to June 30, 2006, the City entered into an agreement with a company for the construction of well no. 9 up to the amount of \$484,940.

Subsequent to June 30, 2006, the City entered into an agreement with a company for construction of the 425 west utility upgrades project up to the amount of \$372,770.

Subsequent to June 30, 2006, the City issued \$4,000,000 sewer revenue refunding bonds, series 2006.

Subsequent to June 30, 2006, the City issued \$7,950,000 water revenue refunding bonds, series 2006A.

22. LITIGATION

During 2001, the City was served a complaint from neighboring cities regarding the acquisition of the Tooele Army Depot by the Tooele City Depot RDA. The complaint alleges that military closure and properties are to benefit the entire community, not just the City. City's legal counsel represents the claims are unfounded and that proper opportunity was given the other cities to participate, as was required. Management believes that the City will prevail in any action. No accrual for potential liability has been accrued in the financial statements.

The City is a defendant in certain legal actions pending or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material effect on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOOELE CITY CORPORATION
Condition and Ratings for the City's Road System
For the Year Ended June 30, 2006

As allowed by GASB Statement 34, Tooele City has adopted the modified approach for reporting, where infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction or major replacements under the modified approach.

Tooele City's entire Asphalt Pavement road network is approximately 131 center lane miles. The purpose of this report is to document how Tooele City has met all the requirements of the modified approach including:

1. Keeping a current inventory of assets,
2. Doing a condition assessment at least once every three years based on an industry standard or measurement scale,
3. Estimating the annual amount required to maintain and preserve the asset at or above an established level of service, and
4. Documenting that the infrastructure assets are being preserved approximately at, or above, the condition level established by the City.

In 2004, the City hired the Utah Local Technical Assistance Program (LTAP) from Utah State University to update their pavement management program. A complete copy of their report entitled "Analysis and Recommendations for Street Network", May 2004 is available at the Public Works office for review. The following information is based upon the above referenced report.

Inventory of Assets

The LTAP inventory of assets consisted of the following items:

- Designation of functional classification of each street. The three functional classifications identified included residential, minor, and major. UDOT controls two major streets that run through the City (SR-36 and SR-112). These two streets are maintained by UDOT.
- GPS technology was utilized to map the centerline of each street and establish a base reference map for purposes of management. Physical features including width, length, surface type, and drainage provisions were collected. Streets were segmented whenever the street changed with respect to physical features, functional class, or intersection.

The following table summarizes the City's inventory of street by functional classification:

	<u>Major Collector</u>	<u>Minor Collector</u>	<u>Residential</u>
Area (yd2)	\$ 465,531	\$ 419,806	\$ 1,766,245
Percent of Street Network	17.60%	15.80%	66.60%

Less than 0.5% of the City's streets are unpaved.

Condition Assessment

The assessment process utilized by LTAP, and planned for use by the City, is based upon the Strategic Highway Research Program (SHRP) Distress Manual. This process includes analysis of potholes/utility cuts, rutting, transverse cracking, longitudinal cracking, block cracking, edge cracking, and fatigue (alligator) cracking. The severity and extent of each distress type were also cataloged according to established standards.

TOOELE CITY CORPORATION
Condition and Ratings for the City's Road System
For the Year Ended June 30, 2006

Pavement surface conditions were also evaluated for smoothness, drainage rating, and remaining service life, as shown below:

Distribution of Smoothness Ratings

<u>Rating</u>	<u>Percentage of Street Network</u>
Excellent	12.30%
Good	66.00%
Fair	20.10%
Poor	1.60%

Distribution of Pavement Drainage Ratings

<u>Rating</u>	<u>Percentage of Street Network</u>
Excellent	43.60%
Good	36.70%
Fair	15.80%
Poor	3.90%

Distribution of Remaining Service Life (RSL) 2004

<u>RSL</u>	<u>Percentage of Street Network</u>
0	1.90%
1-3	5.40%
4-6	19.30%
7-9	13.60%
10-12	26.80%
13-15	17.70%
16-18	8.50%
19-21	6.80%

The condition assessment will be updated by the Streets Department in compliance with GASB requirements.

TOOELE CITY CORPORATION
Condition and Ratings for the City's Road System
For the Year Ended June 30, 2006

Maintenance and Preservation of the Asset

The pavement preservation program upon which the LTAP report is based is one that maintains an estimated RSL of 10 years, with no more than 3% of the street network in terminal serviceability level (i.e. RSL=0). Tooele City's RSL (including monies spent during 2004) is calculated to be 10.44 years, with 3% of the street network at a terminal service level.

LTAP recommends the following maintenance program for the years 2005-2010.

<u>Pavement Preservation Strategies</u>	<u>Percent of Street Network</u>	<u>Funding Distribution</u>
Routing Maintenance	4.00%	\$ 26,371
Preventive Maintenance	7.50%	\$ 205,695
Rehabilitation	2.00%	\$ 200,420
Reconstruction	3.60%	\$ 626,050
Total	17.10%	\$ 1,058,536

Future Maintenance Preservation

Based upon the above distribution, the resulting RSL distribution in 2010 is as follows:

Projected Distribution of Remaining Service Life (RSL) 2010

<u>RSL</u>	<u>Percentage of Street Network</u>
0	1.70%
1-3	3.10%
4-6	2.80%
7-9	12.60%
10-12	30.80%
13-15	33.20%
16-18	15.00%
19-21	0.80%

In order to maintain the RSL of the City's street network, the Public Works Department will request that the maintenance budget for future years be maintained at the above estimated value.

TOOELE CITY CORPORATION
Condition and Ratings for the City's Road System
For the Year Ended June 30, 2006

Over the last five reporting years, the estimated amounts needed and actual expenditures utilized to maintain and preserve the City's road system are as follows (capital expenditures are not included):

<u>YEAR</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>
2006	\$ 1,868,967	\$ 1,435,961
2005	\$ 1,975,451	\$ 1,667,381
2004	\$ 1,241,898	\$ 600,584
2003	\$ 3,129,461	\$ 707,950
2002	\$ 3,680,918	\$ 1,053,970

SUPPLEMENTARY INFORMATION

TOWNE CITY CORPORATION
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2006

	Special Revenue Funds				Capital Projects Funds								Totals June 30, 2006	
	Guaranty Fund	Par Tax Fund	Industrial Redevelopment Agency	Park Agency	Downtown Redevelopment Agency	Debt Service Fund	Park Improvements Fund	Capital Projects Fund	West Loop Capital Projects Fund	U.I.D. Waterline Projects Fund	Golf Course Capital Projects Fund	Public Safety Capital Projects Fund		Swimming Capital Projects Fund
ASSETS														
Assets:														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments														
Receivables:														
Accounts														
Assessments	2,754	65,629												68,383
Taxes														
Loans receivable														
Interest receivable					32,848									32,848
Other														
Intergovernmental receivable								71,535						71,535
Prepaid expenses														
Due from other funds														
Stop inventory														
Restricted assets:														
Cash and cash equivalents	28,524	342,468	19,668	321,866	80,309	428,675	300,535				476,938	939,200		2,935,206
Investments			120,657											120,657
Total assets	\$ 29,278	\$ 408,097	\$ 140,345	\$ 354,817	\$ 80,309	\$ 428,675	\$ 381,070	\$ -	\$ -	\$ 476,938	\$ 939,200	\$ -	\$ -	\$ 3,218,729
LIABILITIES AND FUND EQUITY														
Liabilities:														
Accounts payable	\$ -	\$ -	\$ -	\$ 5,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,379	\$ -	\$ -	\$ -	\$ 134,069
Accrued liabilities				768	55,830									56,598
Liability for compensated absences														
Due to other funds			800,000											800,000
Deferred revenue														
Total liabilities	\$ -	\$ -	\$ 800,000	\$ 6,658	\$ 55,830	\$ -	\$ -	\$ -	\$ -	\$ 128,379	\$ -	\$ -	\$ -	\$ 990,867
Fund balances:														
Reserved														
Unreserved - designated	29,278	408,097	(859,655)	348,159	4,479	428,675	381,070			348,559	939,200			2,101,983
Unreserved - undesignated														125,379
Total fund balances (deficit)	29,278	408,097	(859,655)	348,159	4,479	428,675	381,070			348,559	939,200			2,227,862
Total liabilities and fund equity	\$ 29,278	\$ 408,097	\$ 140,345	\$ 354,817	\$ 80,309	\$ 428,675	\$ 381,070	\$ -	\$ -	\$ 476,938	\$ 939,200	\$ -	\$ -	\$ 3,218,729

TOWNE CITY CORPORATION

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2008

	Special Revenue Funds					Capital Project Funds							Totals June 30, 2008
	Guaranty Fund	Per Tax Fund	Industrial Park Redevelopment Agency	Downtown Redevelopment Agency	Debt Service Fund	Park Improvements Fund	Capital Projects Fund	West Loop Capital Projects Fund	U.I.D. Waterline Projects Fund	Golf Course Capital Projects Fund	Public Safety Capital Projects Fund	Swimming Capital Projects Fund	
Revenues:													
Taxes		\$ 329,082	\$ 58,548	\$ 181,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,810
Licenses and permits													
Intergovernmental revenues													
Charges for services							61,432						61,432
Fines and forfeitures													
Interest income	199	6,876	2,882	10,515	309	15,425				27,912	31,436		95,554
Grants				2,250									2,250
Impact fees						501,349					108,415		610,764
Miscellaneous revenue													
Rental income													
Total revenues	199	335,958	61,430	193,965	309	518,774	61,432			27,912	140,851		1,338,810
Expenditures:													
General government													
Public safety				95,921									95,921
Highways and streets													
Parks and recreation													
Capital outlay			31,780	101,686		388,233	77,480			1,339,465	103,660		2,050,314
Grant expenditures													
Principal payment on debt					62,486								62,486
Interest on debt			31,745		134,770								166,515
Bond issuance costs					550								550
Total expenditures			63,525	197,607	197,905	388,233	77,480			1,409,953	103,660		2,445,574
Excess (deficiency) of revenues over expenditures	199	335,958	(2,095)	(3,642)	(197,497)	120,541	(16,059)			(1,381,441)	37,191		(1,109,884)
Other financing sources (uses):													
Operating transfers in					201,976		388,984						590,970
Operating transfers (out)						(50,000)							(50,000)
Proceeds on sale of assets			32,000								424,325		456,325
Proceeds of issuance of long-term debt										1,730,000			1,730,000
Total other financing sources (uses)			32,000		201,976	(50,000)	388,984			1,730,000	424,325		2,735,295
Excess (deficiency) of revenues and other sources over expenditures and other u	199	335,958	28,905	(3,642)	4,475	70,541	380,936			348,559	401,516		1,628,431
Fund balance (deficit), beginning of year	29,079	72,159	(888,560)	351,801		358,134	134				477,884		599,431
Fund balance (deficit), end of year	\$ 29,278	\$ 408,007	\$ (859,655)	\$ 348,159	\$ 4,475	\$ 428,675	\$ 381,070		\$ 348,559	\$ 839,200	\$		\$ 2,227,882

TOOELE CITY CORPORATION

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- General Fund
(Minus MBA and Class 'C' Roads)
For the Fiscal Year Ended June 30, 2006

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 8,064,530	\$ 8,672,981	\$ 608,451
Licenses and permits	413,500	492,219	78,719
Intergovernmental revenue	620,201	583,660	(36,541)
Charges for services	2,214,250	2,496,146	281,896
Fines and forfeitures	145,500	99,288	(46,212)
Interest income	25,500	91,736	66,236
Grants	-	-	-
Impact fees	-	-	-
Miscellaneous revenues	15,000	36,950	21,950
Rental income	22,000	19,207	(2,793)
Total revenues	11,520,481	12,492,187	971,706
Expenditures:			
General government	3,114,751	3,014,779	99,972
Public safety	3,785,852	3,622,738	163,114
Highways and streets	1,319,400	1,164,408	154,992
Parks and recreation	2,914,900	2,825,491	89,409
Capital outlay	824,541	739,150	85,391
Grant expenditures	-	-	-
Principal payment on debt	-	-	-
Interest on debt	-	-	-
Bond issuance costs	-	-	-
Total expenditures	11,959,444	11,366,566	592,878
Excess (deficiency) of revenues over expenditures	(438,963)	1,125,621	1,564,584
Other financing sources (uses):			
Operating transfers in	212,680	162,330	(50,350)
Operating transfers (out)	(686,319)	(548,970)	137,349
Proceeds on sale of assets	23,425	16,141	(7,284)
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	(450,214)	(370,499)	79,715
Excess (deficiency) of revenues and other sources over expenditures and other uses	(889,177)	755,122	1,644,299
Fund balance -- beginning of year	2,005,037	2,005,037	-
Fund balance -- end of year	\$ 1,115,860	\$ 2,760,159	\$ 1,644,299

Tooele City Corporation

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- Municipal Building Authority
For the Fiscal Year Ended June 30, 2006

	Municipal Building Authority		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest income	750	214,305	213,555
Grants	-	-	-
Impact fees	-	-	-
Miscellaneous revenues	-	53,340	53,340
Rental income	706,169	706,170	1
Total revenues	706,919	973,815	266,896
Expenditures:			
General government	15,000	10,854	4,146
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Capital outlay	300	1,009	(709)
Grant expenditures	-	-	-
Principal payment on debt	267,000	267,000	-
Interest on debt	428,760	663,484	(234,724)
Bond issuance costs	-	221,627	(221,627)
Total expenditures	711,060	1,163,974	(452,914)
Excess (deficiency) of revenues over expenditures	(4,141)	(190,159)	(186,018)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	7,460,000	7,460,000
Total other financing sources (uses)	-	7,460,000	7,460,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,141)	7,269,841	7,273,982
Fund balance -- beginning of year	22,422	22,422	-
Fund balance -- end of year	\$ 18,281	\$ 7,292,263	\$ 7,273,982

TOOELE CITY CORPORATION

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- Class 'C' Road Fund
For the Fiscal Year Ended June 30, 2006

	Class "C" Road		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	1,310,000	1,412,641	102,641
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest income	5,000	60,655	55,655
Grants	-	-	-
Impact fees	-	-	-
Miscellaneous revenues	-	-	-
Rental income	-	-	-
Total revenues	1,315,000	1,473,296	158,296
Expenditures:			
General government	38,000	29,874	8,126
Public safety	-	-	-
Highways and streets	1,162,000	819,386	342,614
Parks and recreation	-	-	-
Capital outlay	-	-	-
Grant expenditures	-	-	-
Principal payment on debt	466,514	466,514	-
Interest on debt	219,586	219,467	119
Bond issuance costs	1,600	1,600	-
Total expenditures	1,887,700	1,536,841	350,859
Excess (deficiency) of revenues over expenditures	(572,700)	(63,545)	509,155
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(572,700)	(63,545)	509,155
Fund balance -- beginning of year	1,925,861	1,925,861	-
Fund balance -- end of year	\$ 1,353,161	\$ 1,862,316	\$ 509,155

TOOELE CITY CORPORATION

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	Guaranty Fund			Par Tax Fund			Industrial Park Redevelopment Agency		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ 340,000	\$ 329,062	\$ (10,938)	\$ 65,000	\$ 58,548	\$ (6,452)
Interest income	100	199	99	2,500	6,876	4,376	-	2,882	2,882
Grants	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	1,000	-	(1,000)	-	-	-	-	-	-
Lease income	-	-	-	-	-	-	-	-	-
Total Revenues	1,100	199	(901)	342,500	335,938	(6,562)	65,000	61,430	(3,570)
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Other improvements	-	-	-	342,500	-	342,500	31,500	31,780	(280)
Grant expenditures	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	10,000	31,745	(21,745)
Total expenditures	-	-	-	342,500	-	342,500	41,500	63,525	(22,025)
Excess (deficiency) of revenues over expenditures	1,100	199	(901)	-	335,938	335,938	23,500	(2,095)	(25,595)
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers (out)	(2,000)	-	2,000	-	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-	-	90,000	32,000	58,000
Total other financing sources (uses)	(2,000)	-	2,000	-	-	-	90,000	32,000	58,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	(900)	199	1,099	-	335,938	335,938	113,500	29,905	(83,595)
Fund balance (deficit), beginning of year	29,079	29,079	-	72,159	72,159	-	(689,560)	(689,560)	-
Fund balance (deficit), end of year	\$ 28,179	\$ 29,278	\$ 1,099	\$ 72,159	\$ 408,097	\$ 335,938	\$ (576,060)	\$ (659,655)	\$ (83,595)

TOOELE CITY CORPORATION

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended June 30, 2006

	Downtown Redevelopment Agency			Depot Redevelopment Agency			Totals		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes	\$ 200,000	\$ 181,200	\$ (18,800)	\$ 900,000	\$ 597,965	\$ (302,035)	\$ 1,505,000	\$ 1,166,775	\$ (338,225)
Interest income	15,000	10,515	(4,485)	835,000	977,702	142,702	852,600	998,174	145,574
Grants	-	2,250	2,250	-	-	-	-	2,250	2,250
Miscellaneous revenues	-	-	-	-	-	-	1,000	-	(1,000)
Lease income	-	-	-	-	-	-	-	-	-
Total Revenues	215,000	193,965	(21,035)	1,735,000	1,575,667	(159,333)	2,358,600	2,167,199	(191,401)
Expenditures:									
General government	187,154	95,921	91,233	1,066,302	809,850	256,452	1,253,458	905,771	347,687
Highways and streets	-	-	-	-	-	-	-	-	-
Other improvements	161,709	101,686	60,023	2,330,000	1,095,396	1,234,604	2,865,709	1,228,862	1,636,847
Grant expenditures	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	10,000	31,745	(21,745)
Total expenditures	348,863	197,607	151,256	3,396,302	1,905,246	1,491,056	4,129,165	2,166,378	1,962,787
Excess (deficiency) of revenues over expenditures	(133,863)	(3,642)	130,221	(1,661,302)	(329,579)	1,331,723	(1,770,565)	821	1,435,448
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	(2,000)	-	2,000
Proceeds on sale of assets	-	-	-	-	-	-	90,000	32,000	58,000
Total other financing sources (uses)	-	-	-	-	-	-	88,000	32,000	60,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	(133,863)	(3,642)	130,221	(1,661,302)	(329,579)	1,331,723	(1,682,565)	32,821	1,715,386
Fund balance (deficit), beginning of year	351,801	351,801	-	14,788,315	14,788,315	-	14,551,794	14,551,794	-
Fund balance (deficit), end of year	\$ 217,938	\$ 348,159	\$ 130,221	\$13,127,013	\$14,458,736	\$ 1,331,723	\$12,869,229	\$14,584,615	\$ 1,715,386

TOOELE CITY CORPORATION

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- Debt Service Fund
For the Fiscal Year Ended June 30, 2006

	Debt Service		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest income	-	309	309
Grants	-	-	-
Impact fees	-	-	-
Miscellaneous revenues	-	-	-
Rental income	-	-	-
Total revenues	<u>-</u>	<u>309</u>	<u>309</u>
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Grant expenditures	-	-	-
Principal payment on debt	62,486	62,486	-
Interest on debt	134,829	134,770	59
Bond issuance costs	550	550	-
Total expenditures	<u>197,865</u>	<u>197,806</u>	<u>59</u>
Excess (deficiency) of revenues over expenditures	<u>(197,865)</u>	<u>(197,497)</u>	<u>368</u>
Other financing sources (uses):			
Operating transfers in	197,865	201,976	4,111
Operating transfers (out)	-	-	-
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	<u>197,865</u>	<u>201,976</u>	<u>4,111</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	4,479	4,479
Fund balance -- beginning of year	-	-	-
Fund balance -- end of year	<u>\$ -</u>	<u>\$ 4,479</u>	<u>\$ 4,479</u>

TOOELE CITY CORPORATION

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006

	Park Improvements Fund			Capital Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 38,790	\$ 61,432	\$ 22,642
Charges for services	12,000	15,425	3,425	-	-	-
Interest income	478,125	501,349	23,224	-	-	-
Impact fees	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	490,125	516,774	26,649	38,790	61,432	22,642
Expenditures:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Other improvements	650,000	396,233	253,767	552,390	77,490	474,900
Principal payment on debt	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	650,000	396,233	253,767	552,390	77,490	474,900
Excess (deficiency) of revenues over expenditures	(159,875)	120,541	280,416	(513,600)	(16,058)	497,542
Other financing sources (uses):						
Operating transfers in	-	-	-	513,600	396,994	(116,606)
Operating transfers (out)	(50,000)	(50,000)	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-	-
Proceeds of issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	(50,000)	(50,000)	-	513,600	396,994	(116,606)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(209,875)	70,541	280,416	-	380,936	380,936
Fund balance, beginning of year	358,134	358,134	-	134	134	-
Fund balance, end of year	\$ 148,259	\$ 428,675	\$ 280,416	\$ 134	\$ 381,070	\$ 380,936

TOOELE CITY CORPORATION

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006

	West Loop Capital Projects Fund			U.I.D. Waterline Projects Fund			Golf Course Capital Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:									
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	10,000	27,912	17,912
Impact fees	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	10,000	27,912	17,912
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Other improvements	-	-	-	-	-	-	1,670,000	1,339,465	330,535
Principal payment on debt	-	-	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	70,000	69,888	112
Total expenditures	-	-	-	-	-	-	1,740,000	1,409,353	330,647
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	(1,730,000)	(1,381,441)	348,559
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-	-	-	-	-
Proceeds of issuance of long-term debt	-	-	-	-	-	-	1,730,000	1,730,000	-
Total other financing sources (uses)	-	-	-	-	-	-	1,730,000	1,730,000	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-	348,559	348,559	-
Fund balance (deficit), beginning of year	-	-	-	-	-	-	-	-	-
Fund balance (deficit), end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,559	\$ 348,559

TOOELE CITY CORPORATION

Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2006

	Public Safety Capital Projects Fund			Swimming Pool Capital Projects Fund			Totals	
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual
Revenues:								
Intergovernmental revenues								
Charges for services								
Interest income	12,500	31,436	18,936					
Impact fees	78,750	109,415	30,665					
Miscellaneous revenue								
Total revenues	<u>91,250</u>	<u>140,851</u>	<u>49,601</u>				<u>630,165</u>	<u>746,969</u>
Expenditures:								
General government								
Highways and streets								
Other improvements	891,760	103,660	788,100				3,764,150	1,916,848
Principal payment on debt								
Interest on debt								
Bond issuance costs								
Total expenditures	<u>891,760</u>	<u>103,660</u>	<u>788,100</u>				<u>3,834,150</u>	<u>1,986,736</u>
Excess (deficiency) of revenues over expenditures	<u>(800,510)</u>	<u>37,191</u>	<u>837,701</u>				<u>(3,203,985)</u>	<u>1,964,218</u>
Other financing sources (uses):								
Operating transfers in								
Operating transfers (out)							513,600	396,994
Proceeds on sale of assets	475,000	424,325	(50,675)				(50,000)	(50,000)
Proceeds of issuance of long-term debt							475,000	424,325
Total other financing sources (uses)	<u>475,000</u>	<u>424,325</u>	<u>(50,675)</u>				<u>1,730,000</u>	<u>1,730,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(325,510)</u>	<u>461,516</u>	<u>787,026</u>				<u>(535,385)</u>	<u>1,261,552</u>
Fund balance (deficit), beginning of year	<u>477,684</u>	<u>477,684</u>					<u>835,952</u>	<u>835,952</u>
Fund balance (deficit), end of year	<u>\$ 152,174</u>	<u>\$ 939,200</u>	<u>\$ 787,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,567</u>	<u>\$ 2,097,504</u>
								<u>\$ 1,796,937</u>

TOOELE CITY CORPORATION

Non-Major Proprietary Funds Combining Statement of Net Assets June 30, 2006

	Garbage Utility	Storm Water Fund	Totals June 30, 2006
Assets:			
Cash and cash equivalents	\$ 719,916	\$ 411,858	\$ 1,131,774
Receivables:			
Accounts — net of allowance for uncollectibles	161,171	49,960	211,131
Interest	-	-	-
Intergovernmental	-	-	-
Other	-	-	-
Prepays	-	-	-
Due from other funds	-	-	-
Cash and cash equivalents — restricted	-	-	-
Water stock	-	-	-
Utility plants and equipment — net of depreciation	-	-	-
Total assets	<u>881,087</u>	<u>461,818</u>	<u>1,342,905</u>
Liabilities:			
Accounts payable	51,452	-	51,452
Accrued liabilities	-	-	-
Liability for compensated absences	-	-	-
Customer deposits	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
Total liabilities	<u>51,452</u>	<u>-</u>	<u>51,452</u>
Net assets:			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	829,635	461,818	1,291,453
Restricted	-	-	-
Total net assets	<u>\$ 829,635</u>	<u>\$ 461,818</u>	<u>\$ 1,291,453</u>

TOOELE CITY CORPORATION

Non-Major Proprietary Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2006

	Garbage Utility	Storm Water Fund	Totals June 30, 2006
Operating revenues:			
Utility sales	\$ 1,249,552	\$ 396,126	\$ 1,645,678
Connection fees	-	-	-
Intergovernmental revenues	-	-	-
Miscellaneous	-	1,200	1,200
Total operating revenues	1,249,552	397,326	1,646,878
Operating expenditures:			
Personal services	63	-	63
Contracted services	1,069,035	-	1,069,035
Operations and maintenance	56,723	90,006	146,729
Utilities	-	-	-
Administration	4,355	31,030	35,385
Depreciation	-	-	-
Total operating expenses	1,130,176	121,036	1,251,212
Operating income (loss)	119,376	276,290	395,666
Non-operating revenues (expenses):			
Interest income	25,134	12,518	37,652
Interest expense	-	-	-
Amortization of bond issuance costs / discount	-	-	-
Amortization of bond premium	-	-	-
Sale of fixed assets	-	-	-
Impact fees	-	-	-
Total non-operating revenues (expenses)	25,134	12,518	37,652
Change in net assets	144,510	288,808	433,318
Net Assets -- beginning of year	685,125	173,010	858,135
Net Assets -- end of year	\$ 829,635	\$ 461,818	\$ 1,291,453

TOOELE CITY CORPORATION

Non-Major Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2006

	Garbage Utility	Storm Water Fund	Totals June 30, 2006
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$ 1,231,813	\$ 390,958	\$ 1,622,771
Receipts from other governments	-	-	-
Receipts of miscellaneous income	-	1,200	1,200
Payments to employees	(83)	-	(83)
Payments to contractors	(1,089,035)	-	(1,089,035)
Payments for operations and maintenance	(56,723)	(90,006)	(146,729)
Payments for utilities	-	-	-
Payments for administration	(81,549)	(153,954)	(235,503)
Net cash provided (used) by operating activities	24,443	148,198	172,641
Cash flows provided (used) by capital and related financing activities:			
Purchase of capital assets	-	-	-
Proceeds from sale of water rights	-	-	-
Proceeds from water resource grant contribution	-	-	-
Proceeds from sale of land	-	-	-
Proceeds from issuance of bonds	-	-	-
Payment of bond principal	-	-	-
Interest paid	-	-	-
Impact fees	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
Cash flows provided (used) by investing activities:			
Interest earned	25,134	12,518	37,652
Net cash provided (used) by investing activities	25,134	12,518	37,652
Net increase (decrease) in cash and cash equivalents	49,577	160,716	210,293
Cash and cash equivalents - beginning of year	670,339	251,142	921,481
Cash and cash equivalents - end of year	\$ 719,916	\$ 411,858	\$ 1,131,774
Cash flows provided (used) by operating activities:			
Operating income (loss)	\$ 119,376	\$ 276,290	\$ 395,666
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	-	-
Loss on disposal of assets	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(17,739)	(5,168)	(22,907)
Interest receivable	-	-	-
Intergovernmental receivable	-	-	-
Prepaid expenses	-	-	-
Water stock	-	-	-
Due from other funds	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	(77,194)	(122,924)	(200,118)
Accrued liabilities	-	-	-
Liability for compensated absences	-	-	-
Customer deposits	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
Net cash provided (used) by operating activities	24,443	148,198	172,641
Represented on the balance sheet as:			
Cash - unrestricted	\$ 719,916	\$ 411,858	\$ 1,131,774
Cash - restricted	-	-	-
	\$ 719,916	\$ 411,858	\$ 1,131,774
Supplemental disclosure:			
Contributed capital from developers	\$ -	\$ -	\$ -
Contributed capital from federal grants	-	-	-
Total contributed capital	\$ -	\$ -	\$ -

TOOELE CITY CORPORATION

Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
June 30, 2006

	Balance at beginning of the year	Additions	Deductions	Balance at end of the year
<u>DIRECTOR'S TRUST</u>				
Assets:				
Cash and cash equivalents	\$ 840,725	\$ 690,863	\$ -	\$ 1,531,588
Investments	34,321	555	-	34,876
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 875,046	\$ 691,418	\$ -	\$ 1,566,464
Liabilities:				
Accounts payable	\$ 875,046	\$ -	\$ 875,046	\$ -
Due to other governmental units	-	-	-	-
Trust deposits	-	1,566,464	-	\$ 1,566,464
Total liabilities	\$ 875,046	\$ 1,566,464	\$ 875,046	\$ 1,566,464
<u>TREASURER'S TRUST</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Due to other governmental units	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$ 840,725	\$ 690,863	\$ -	\$ 1,531,588
Investments	34,321	555	-	34,876
Accounts receivable	-	-	-	-
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 875,046	\$ 691,418	\$ -	\$ 1,566,464
Liabilities:				
Accounts payable	\$ 875,046	\$ -	\$ 875,046	\$ -
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Trust deposits	-	1,566,464	-	1,566,464
Total liabilities	\$ 875,046	\$ 1,566,464	\$ 875,046	\$ 1,566,464

Tooele City Corporation

Impact Fee Comparative Schedules by Impact Type, Year Received, and Planned Use June 30, 2006

Tooele City charges impact fees on all new residential and commercial construction within Tooele City limits for water, sewer, parks, and public safety. Impact fee revenue for the past three fiscal years is presented in the following table. Impact fee expenditures are broken down by project for fiscal year 2006.

Impact Fee Revenue

Year	Sewer	Water	Parks	Public Safety
2004	\$344,193.00	\$986,813.00	\$430,075.00	\$107,369.96
2005	\$314,640.02	\$835,752.00	\$363,784.50	\$148,656.42
2006	\$561,323.00	\$1,116,950.00	\$501,349.50	\$109,414.77

Sewer

Waste Water Treatment Plant Facility

Revenue	Expenditures
\$561,323.00	

Water

Well #9 Replacement (43% of project from impact fees)
Well House #9 Replacement (43% of project from impact fees)
England Acres Well
England Acres Pump house

\$1,116,950.00	
	\$7,898.76
	\$406.35
	\$9,061.10
	\$3,542.20

Public Safety

Police (Impact fees are being used and reserved to build a new police station)
Fire (Impact fees are being reserved to acquire property and build a new fire station)

\$71,119.60	\$103,660.00
\$38,295.17	\$0.00

Parks

Park impact fees are separated into parks and special use projects

Special Use:

Pratt Aquatic Center Facility
Oquirrh Hills Golf Land Purchase

\$240,647.76	
	\$50,000.00
	\$19,800.00

Parks:

England Acres Park
Memorial Park
Rancho Park Improvements
Parkers Park Improvements
Land Purchase for Railroad Museum

\$260,701.74	
	\$279,217.14
	\$81,930.42
	\$13,320.00
	\$1,025.00
	\$940.58



**Haynie &
Company**

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**REPORT ON LEGAL COMPLIANCE APPLICABLE
TO UTAH STATE LAWS AND REGULATIONS**

The Honorable Mayor and
Members of the City Council
Tooele City Corporation:

We have audited the basic financial statements of **Tooele City Corporation** (the City) for the year ended June 30, 2006 and have issued our report thereon dated May 15, 2007. As part of our audit, we have audited **Tooele City Corporation's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting, and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's *Legal Compliance Audit Guide* for the year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The City also received the following nonmajor grants that are not required to be audited for specific compliance requirements. However, these programs were subject to test work as part of the audit of **Tooele City Corporation's** basic financial statements:

State of Utah Library Public Development Grant
State of Utah Community Forestry Grant

Our audit also included test work on the City's compliance with those general compliance requirements identified in the State of Utah *Legal Compliance Audit Guide*, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
B & C Road Funds
Other General Issues
Uniform Building Code Standards
Impact Fees

The management of **Tooele City Corporation** is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, **Tooele City Corporation** complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Haynie & Co

Salt Lake City, Utah
May 15, 2007

TOOELE CITY CORPORATION

Schedule of Findings - Compliance - State of Utah
For the Year Ended June 30, 2006

CURRENT YEAR FINDINGS

Statement of Condition - 06-1:

As of June 30, 2006, we noted a deficit fund balance in the Industrial Park Redevelopment Agency Special Revenue Fund of \$689,560.

Criteria

City appropriations in the final budgets may not be made for any fund in excess of the estimated expendable revenues for the budget year. In other words, deficits in any fund are illegal, per *Utah Code* 10-6-117(1).

Cause

Over the years, the Industrial Park Redevelopment Agency Special Revenue Fund has spent more money than was in the fund, thus creating a carry-forward deficit in fund balance. No transfer has been made from the General Fund to cure the deficit in fund balance.

Effect

The City is not in compliance with State law.

Recommendation

We recommend that the City retire the deficit fund balance as quickly as possible.

Response

We concur with the auditor's recommendation and will retire the deficit fund balance.

Statement of Condition - 06-2:

We noted that the Industrial Park Redevelopment Agency Fund overspent its budget.

Criteria

The Industrial Park Redevelopment Agency Fund should operate within its budget, as required by *Utah Code* Section 10-6-117(1).

Cause

The City is simply not ensuring that the Industrial Park Redevelopment Agency Fund operate within its budget.

Effect

The City is not in compliance with State law.

Recommendation

We recommend that the City operate within the confines of the State by either limiting expenditures to the approved budget or by appropriately adjusting the budget.

TOOELE CITY CORPORATION

Schedule of Findings - Compliance - State of Utah
For the Year Ended June 30, 2006

Response

We concur with the auditor's recommendation and will take corrective action.

PRIOR YEAR FINDINGS

The City had a deficit fund balance in the Industrial Park Redevelopment Agency Special Revenue Fund, the General Fund balance was not maintained below the maximum 18% requirement of the total General Fund revenues, and the Industrial Park Redevelopment Agency Fund overspent its budget.

SINGLE AUDIT SECTION



Certified Public Accountants (a professional corporation)

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and
Members of the City council
Tooele City Corporation:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation (the City) as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Council, management, the Utah State Auditor, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Haynie & Co

Salt Lake City, Utah
May 15, 2007



**Haynie &
Company**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and
Members of the City Council
Tooele City Corporation:

Compliance

We have audited the compliance of **Tooele City Corporation** (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, City Council, management, Utah State Auditor, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Haynie & Co

Salt Lake City, Utah
May 15, 2007

TOOELE CITY CORPORATION
Schedule of Findings and Questioned Costs
For the year ended June 30, 2006

I. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of Tooele City Corporation.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Tooele City were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Tooele City Corporation expresses an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The program tested as a major program was the State Domestic Preparedness Equipment Support Program - CFDA #97.004.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Tooele City was determined to be a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

III. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

None

TOOELE CITY CORPORATION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>Grant Name</u>	<u>Federal CFDA Number</u>	<u>Federal Award Contract No.</u>	<u>Expenditures</u>
<u>U.S. Department of Justice</u>			
Community Prosecution and Project Safe Neighborhoods	16.609	2003-GP-CX-0531	\$ 24,070
Edward Byrne Memorial Justice Assistance Grant Program - Task Force	16.738	5A15	34,740
Edward Byrne Memorial Justice Assistance Grant Program - Evidence	16.738	2005-DJ-BX-1559	16,553
Violence Against Women Formula Grants	16.588	05-VAWA-33	27,358
Subtotal			<u>102,721</u>
<u>U.S. Department of Homeland Security</u>			
*State Domestic Preparedness Equipment Support Program - Police	97.004	DES-2003-ODP1-02	99,784
*State Domestic Preparedness Equipment Support Program - Fire	97.004	DES-2003-ODP1-02	49,427
Flood Mitigation Assistance	97.029		89,143
Subtotal			<u>238,354</u>
<u>U.S. Department of Health and Human Services</u>			
Communities That Care Grant	N/A	5R01DA015183	126,727
Subtotal			<u>126,727</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant - Park Accessibility Improve.	14.228	B-05-DC-49-0001	69,890
Subtotal			<u>69,890</u>
Total Federal Expenditures			<u>\$ 537,692</u>

TOOELE CITY CORPORATION

Notes to Schedule of Expenditures of Federal Awards

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the City's federal award programs and presents transactions that would be included in financial statements of the City on the accrual basis of accounting, as contemplated by generally accepted accounting principles. Federal awards are reported in the City's basic financial statements as grant revenues, except when designated for use in construction of proprietary fund capital assets, in which case they are reported as contributed capital (invested in capital assets).